

FINANCIAL TIMES

Start the week with...



Asia's economies
Strains start to show
Peter Montagnon, Page 17



Lucy Kellaway
Coping with the big let-down
Management, Page 10



Sport
Send on the funny guys
Simon Kuper, Page 12

World Business Newspaper <http://www.ft.com>

MONDAY AUGUST 12 1996

'Leak' of diamonds threatens Russia's deal with De Beers

An increase in the value of rough diamonds leaking to the market from Russia is threatening the country's relationship with the diamond cartel it organises with De Beers of South Africa. Diamond International estimates the value of diamonds leaking out of Russia has jumped from between \$10m and \$15m in March and April to \$40m-\$60m in June. Page 18

British Petroleum wants to speed up the \$5bn planned merger of much of its European assets with the US's Mobil, in a move that will rekindle speculation about whether the two will merge completely. Page 18; Lex, Page 18

British backs Lloyd's plan: The British government backed a recovery plan by the Lloyd's of London insurance market, by intervening in a US court case brought by rebel Names - individuals whose assets have traditionally supported the market. Page 6

Irish marches end peacefully: A weekend of parades in Northern Ireland ended peacefully, in spite of fears it would be hit by the violence that has accompanied much of the summer marches by loyalists and republicans. Page 6

Canadian interest rates lowered: The Bank of Canada showed its independence from the US Federal Reserve by lowering interest rates for the fifth time this year without waiting for a lead from Washington. Page 4

Argentina austerity warning: Argentina's President Carlos Menem warned the country to prepare for austerity measures, saying sacrifices would be demanded from all sectors of society. Page 4

Oil price firm after US move: Oil industry analysts said market fears that US approval of the United Nations' oil-for-food plan for Iraq would trigger a price collapse have proved over-pessimistic - but they warned the current oil price will be tested when supplies from Iraq begin to flow. Page 5

Riots follow South African rally: South African troops and police fired rubber bullets and tear gas as violence flared in Cape Town following Moslem-led demonstrations against the country's worsening crime rate. Page 5

Tokyo appeals against WTO rulings: Tokyo appealed against a World Trade Organisation ruling that Japan's liquor tax is in breach of WTO rules. Japan imposes higher tariffs on imports than on domestically produced liquor. Page 3

Man dies in Cyprus riots: A Greek Cypriot man was killed and 50 other people, including five Turkish Cypriot policemen, were reported to have been wounded after fighting broke out between Greek Cypriot motorcycle gangs and Turkish Cypriots in a strip of no-man's land that has divided Cyprus since 1974. Page 2

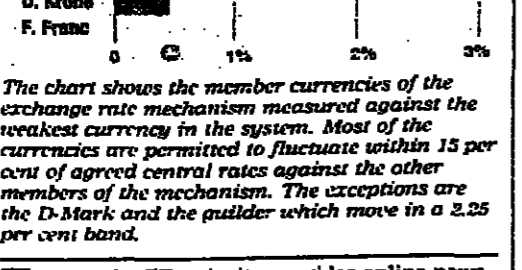
China woos HK democrats: China signalled a softer line towards Hong Kong democrats in an attempt to secure co-operation over next year's transfer of sovereignty, according to members of the Beijing-appointed committee overseeing the handover. Page 3

Arafat attacks Israel decision: Palestinian President Yasser Arafat attacked the new Israeli government's decision to lift the four-year freeze on Jewish settlements in occupied Arab land. Page 5

Crickets: Rain forced play to be abandoned in the second Test between England and Pakistan at Headingley, Leeds. England were all out for 501, a first innings lead of 53, with Pakistan unable to start their second innings.

Motor racing: Canadian Jacques Villeneuve won the Hungarian grand prix in Budapest ahead of his Williams Renault team-mate and championship leader Damon Hill of Britain. France's Jean Alesi, driving a Benetton, was third.

European Monetary System: The French franc slipped to the bottom of the EMS grid last week amid renewed speculation about whether Paris would meet the Maastricht convergence criteria. The Irish punt climbed two places. With the D-Mark stronger, the spread between strongest and weakest currencies widened slightly. Currencies, Page 25



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the quidder which move in a 2.25 per cent band.

FT.com: the FT web site provides online news, comment and analysis at <http://www.ft.com>

Yeltsin orders Russian forces in the region to be strengthened

Lebed seeks Chechen talks

By John Thornhill in Moscow
Mr Alexander Lebed, Russia's national security chief, last night travelled to the north Caucasus in an attempt to stem the surge of fighting in Chechnya, which has killed hundreds of combatants and civilians and created thousands of refugees.

mand on the ground and demanded a criminal investigation into why Russian forces were caught off-guard by the separatists' assault last week on Grozny, capital of the breakaway region. Flags flew at half-mast in Moscow over the weekend and tempers flared in parliament as Russian officials reported that as many as 200 federal troops had been killed in the latest fighting.

reported fresh exchanges of gunfire last night as federal forces persisted in trying to oust the thousands of Chechen rebels who had infiltrated Grozny. Local Russian commanders said they had lifted the Chechen stranglehold on the centre of the rubble-strewn capital, a claim challenged by rebel fighters.

Just two days after his inauguration, Mr Boris Yeltsin, the Russian president, yesterday chaired a 2 1/2 hour emergency meeting in the Kremlin about the Chechnya crisis, ordering federal forces to be strengthened in the region.

Unconfirmed Chechen reports suggested that a further 150 Russian troops had been killed in a separate ambush, but the Russian military denied the claim.

His latest mission will be the biggest test to date of his political skills and may either destroy his reputation or bolster his ambitions of succeeding Mr Yeltsin.

Dole applauded for selecting Kemp

By Jurek Martin in San Diego
The new Republican presidential ticket headed to San Diego yesterday to claim the crown, with convention delegates and pundits expressing broad approval of Mr Bob Dole's bold, if risky, choice of longstanding rival Mr Jack Kemp as his running-mate.



Wyoming, said he was surprised by the choice of Mr Kemp but otherwise had no specific comment. Ms Ann Lewis, one of Mr Clinton's campaign officials, said some of Mr Kemp's ideas, including a return to the gold standard, were "rather extreme".

The selection of Mr Kemp has emerged as the 36th Republican nominating convention and at least temporarily pushed to the sidelines some of the bitter party fights on social policy issues which have contributed to Mr Dole's substantial deficit in the polls behind President Bill Clinton.

Mr Wilson, along with two other prominent Republican governors, Mr William Weld of Massachusetts and Mr George Pataki of New York, have refused to accept their assigned speaking roles at the convention, mostly because they were told they could not register on the floor their disagreement with the party platform's demand that abortion be outlawed.

Mr Clinton, on holiday in Wyoming, said he was surprised by the choice of Mr Kemp but otherwise had no specific comment. Ms Ann Lewis, one of Mr Clinton's campaign officials, said some of Mr Kemp's ideas, including a return to the gold standard, were "rather extreme".

Rise of Internet threatens traditional banks' market

By George Graham in London
The market for Internet banking is poised to grow sharply in the next three years, affecting the competitive advantage enjoyed by traditional banks as demand for Internet banking services takes off.

computer banking services using the bank's own software, 54 cents for a telephone banking service and \$1.05 for a bank branch. That means costs for Internet banking run at only 15-20 per cent of income, compared with an average cost-income ratio for the banking industry of about 60 per cent.

Nehmzow, a Booz-Allen information technology specialist. Moreover, it will be easier for customers to pick and choose, and harder for banks to differentiate their Web sites from their competitors - including non-banks which can bundle financial services together on the Internet.

Table with 2 columns: Country, Currency, and Rate. Includes entries for Australia, Bahrain, Belgium, Canada, Denmark, Egypt, Finland, France, Germany, Greece, Hong Kong, India, Israel, Italy, Japan, Korea, Luxembourg, Malaysia, Mexico, New Zealand, Norway, Pakistan, Portugal, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, UK, USA, and Venezuela.

Table with 2 columns: Section and Page. Includes International News (3-5), UK News (6), Guide to the Week (9), Weather (10), Lex (11), Week Ahead (12), Features (17), Letters (18), Observer (19), Management (20), Sport/Architecture (22), Media/Future (23), Business Travel (24), Arts (15), Art Guide (16), Crossword (24), Crosswords (24), FT&P-A Web Index (22), Managed Funds (28-30), Currencies & Money (28), Share Information (28, 27), World Stock Markets (31), Int Equities (22), Emerging Markets (24), International Bonds (24), FT&P-A Web Index (22), Managed Funds (28-30), Currencies & Money (28), Share Information (28, 27), World Stock Markets (31).

Advertisement for Four Seasons Hotels. Text: "I need a couple of raincoats cleaned overnight." Includes an image of a woman in a raincoat and contact information for Four Seasons Hotels.

NEWS: ASIA-PACIFIC

China softens line on HK democrats

By John Fiddling in Hong Kong

China has signalled a softer line towards Hong Kong democrats in an attempt to secure co-operation over next year's transfer of sovereignty, according to members of the Beijing-appointed committee overseeing the handover.

In a speech to the Preparatory Committee at the weekend, Qian Qishan, China's foreign minister, said that Beijing was open to discussion with those opposed to its stance on handover issues.

"As long as they share the common ground of support for the resumption of sovereignty and hope for a smooth transition, we can discuss the Hong Kong question and make things better," he said.

Mr Qian's comments come as China seeks to step up preparations for its resumption of sovereignty and to ease concerns in Hong Kong. Beijing's plans to scrap the territory's elected Legislative Council (LegCo) have drawn fierce criticism from the Democratic party, the biggest party in the legislature, and have prompted worries about political freedom after the handover.

Mr Martin Lee, leader of the Democratic party said Mr Qian's remarks represented a more open-minded attitude than Beijing's previous stance, which has excluded dissenting views from the transition process.

However, he said the party would uphold its policy of opposition to the Selection Committee, the 400-member body which will nominate the chief executive to head the post-colonial government in Hong Kong and the members of the provisional legislature which will replace the existing LegCo.



Qian, left, his remarks were welcomed by Lee

"We will not make a U-turn and help set up something which is illegal," added one democrat, referring to the provisional legislature.

He warned that China might simply be seeking to give some respectability to its political acts and its abolition of LegCo.

Under a resolution approved by the plenary session of the Preparatory Committee in Beijing, the Selection Committee will comprise 400 Hong Kong residents - drawn equally from the four categories of the business community, professions, politics and labour representatives, grassroots and religious organisations.

Nominations for the committee may start as early as this week and, in a sign that Beijing is anxious to press ahead with preparations for the handover, officials indicated that they hoped to complete the selection of the chief executive in November.

Mr Tung Chee-hwa, the shipping tycoon, appears to have strengthened his position as frontrunner for the

Japanese appeal on liquor tax ruling

The Japanese government has appealed against a World Trade Organisation ruling that Japan's liquor tax regime is in breach of WTO rules, writes Michio Nakamoto in Tokyo.

The ruling followed the imposition of higher tariffs on distilled liquors, such as whisky, than on domestically produced shochu, a white liquor produced mainly by large Japanese companies.

Japanese taxes on whisky and brandy are four to seven times those on shochu. The EU, US and Canada, which launched the WTO complaint against Japan, claim that Japan's unfair tax regime is largely responsible for falling whisky and brandy sales.

Since 1989 shochu's share of Japan's distilled spirits market has grown from 61 per cent to 74 per cent, according to European businesses.

The WTO panel last month urged Japan to take measures to close the gap between taxes on shochu and other distilled liquor.

Bomb sites greet tourists

Amal Jayasinghe on Sri Lanka's depressed leisure industry

The few foreign holiday-makers still visiting Sri Lanka can tour the newest attraction - the scenes of recent bomb attacks - within a short drive from luxury hotels.

Western tourists join local residents behind police barriers to view the shell of the central bank and other nearby high-rise buildings devastated during a suicide bombing on January 31 by the separatist Tamil Tiger guerrillas.

The sites are not included in any travel brochure but most taxi drivers point to the first - a monument at Armour Street to President Ranasinghe Premadasa who was assassinated by a suicide bomber in May 1988 - as visitors are driven into the capital from the airport.

A short walk from the central bank and along the promenade right in front of the luxury Taj Hotel lies the spot where the navy chief Clancy Fernando was killed by another suicide bomber in November 1992.

There are at least half a dozen other such sites, some with monuments, others with no sign of the destruction caused at the time.

Foreigners have not been targeted in any of the attacks but the bombings have hit tourist arrivals with official figures pointing to a 40 per cent drop in the first five months of this year.

President Chandrika Kumaratunga last month ordered the release of some SLRs600m (\$11m) as concessionary loans to clean up the multi-storied buildings in central Colombo damaged during the attack on the central bank. The president said Queen Street.

where most of the buildings were either burnt or badly damaged, had turned into a new tourist attraction and must be rebuilt soon.

The government's battle against the Tamil Tigers is almost 400km to the north of the capital and safely away from the tourist sites but the reports of fighting have worried travel agents.

Hotel owners say they are already in the red. Most have dismissed part-time employees and many are threatened with closure.

There has been a 40% fall in tourist arrivals in the first five months of this year

Some hotels have begun offering rock-bottom prices to local visitors just to remain in business. One of the best hotels in the central Kandy region offers full board at SLRs750 a night.

"Hotels are in a desperate situation," said Mr Gilbert Jayasuriya, president of the Hoteliers Association. "Unless the government does something to repair the image of the country, the whole industry will collapse." Since the central bank blast, in which 91 people died, arrivals have been going down.

Sri Lanka's main market, Germany, recorded a fall of 44 per cent to 20,517 German tourists visiting Sri Lanka in the first four months of the year. The number of Britons dropped by 6.7 per cent to 19,563. Mr Jayasuriya said most

hotels were experiencing occupancy rates of about 20 per cent.

The poor performance in the tourism sector was reflected in the latest annual report of John Keells Holdings, the diversified Sri Lankan private company.

Mr Ken Balendra, the chairman, said the fall in the number of holiday-makers had hit the leisure industry badly and his company had deferred plans to build two new hotels.

"Sri Lanka has now established itself as a low-budget, last-minute destination where tour operators fill empty seats on airlines at substantially lower package prices which eventually filter down to lower hotel and transport rates.

"This is the unfortunate predicament that the industry finds itself in."

Mr Dharmasiri Senanayake, tourism minister, said Sri Lanka was about to launch a big publicity campaign abroad and invite foreign journalists to assess how safe the country was for tourists.

"Every country has these problems," Mr Senanayake said. He said a moratorium on loan repayments by tourist hotels would be in force until the end of this year when the industry was expected to emerge from the present recession.

"Hotels will not have to pay the instalments on the loans outstanding since April," Mr Senanayake said, adding that the government together with airlines and private-sector companies would spend SLRs125m to rebuild the country's image as a safe holiday destination.

Bangkok split on banking licences

By Ted Barbocks in Bangkok

The approval of new licences for domestic banks in Thailand is causing a big split in the seven-party coalition of Prime Minister Banharn Silpa-archa. The leader of one government party has alleged that \$90m in bribes were paid by applicants and has threatened to help topple the prime minister if the licences are awarded as scheduled at a cabinet meeting tomorrow.

As part of a plan to liberalise financial markets, the government agreed to award five new domestic banking licences, the first new licences granted for more than 20 years.

Six groups applied and a committee led by former Bank of Thailand governor Vijit Supinit recommended three winners. Their applications were passed on to Mr Surakiat Sathirathai, the then finance minister, who said he would approve them.

But Mr Viji and Mr Surakiat were both forced to resign before the new licences could be acted on by the cabinet. Supporters within the coalition of groups which were disqualified have sought to exploit the turmoil by seeking to derail the liberalisation.

Deputy Prime Minister Chavalit Yongchaiyudh, leader of the coalition's second largest party and an aspirant to the prime minister's office, has complained that the rejection of a group led by the War Veterans Organisation was unfair even though the group's application violated bid terms on several counts.

Gen Chavalit, who is also defence minister, and has spearheaded a drive to move military organisations into commercial business, prevented the banking issue from being put on the cabinet agenda last week.

Justice Minister Chalerm Yoobamrung, an ally of Gen Chavalit, claimed \$750m (\$29.5m) was "paid under the table" for each of the new bank licences.

Rumours of such payments have long been circulating in the financial community and officials involved in the screening process have denied wrongdoing. Analysts say the row is part of a growing intrusion by politicians into the affairs of the bureaucracy.

Jakarta to revive sell-off impetus

By Muzakki Hidayat in Jakarta

Indonesia's state-owned electricity company Perusahaan Listrik Negara and steel manufacturer Krakatau Steel plan to list their shares next year.

The move will help revive Indonesia's privatisation programme, following last year's disappointing response to the initial public offering of Telkom, the state-controlled domestic telecoms company.

The announcement came only a few days after news that Bank Negara Indonesia, the country's largest bank, will be ready to sell shares to the public later this year.

Krakatau Steel planned to hold an initial public offering to raise \$600-\$700m in the second half of 1997, said Mr Soetoro Mangoesoewo, president director.

It is unclear whether the steel group's offering will include an overseas listing. However, finance ministry officials confirmed earlier this year that the BNI float would be a domestic issue.

Mr Djiteng Marsudik PLN's president director, said two of the company's power generating units serving the Java/Bali grid - Genco I and Genco II - would be floated on international capital markets.

The two generation units, which have a book value of Rp6,000bn (\$2.5bn) each, are wholly owned by PLN, the biggest state-owned company which had assets worth Rp4,000bn at the end of 1995. "We are at the stage of looking for legal and financial advisers," Mr Djiteng said.

The offering will be structured along the lines used by Telkom, which initially planned to sell 27.5 per cent of its shares but was forced to reduce the offer to 19 per cent after poor international demand.

The cash-strapped electricity company, which plans to fund its annual \$3bn-\$4bn capital expenditure requirement through a combination of internal cash, government equity, soft loans, exports credits and capital markets proceeds, plans to increase installed capacity by 40 per cent to 20,000MW in 1999.

Mr Djiteng said the company expected electricity consumption to continue its rapid increase.

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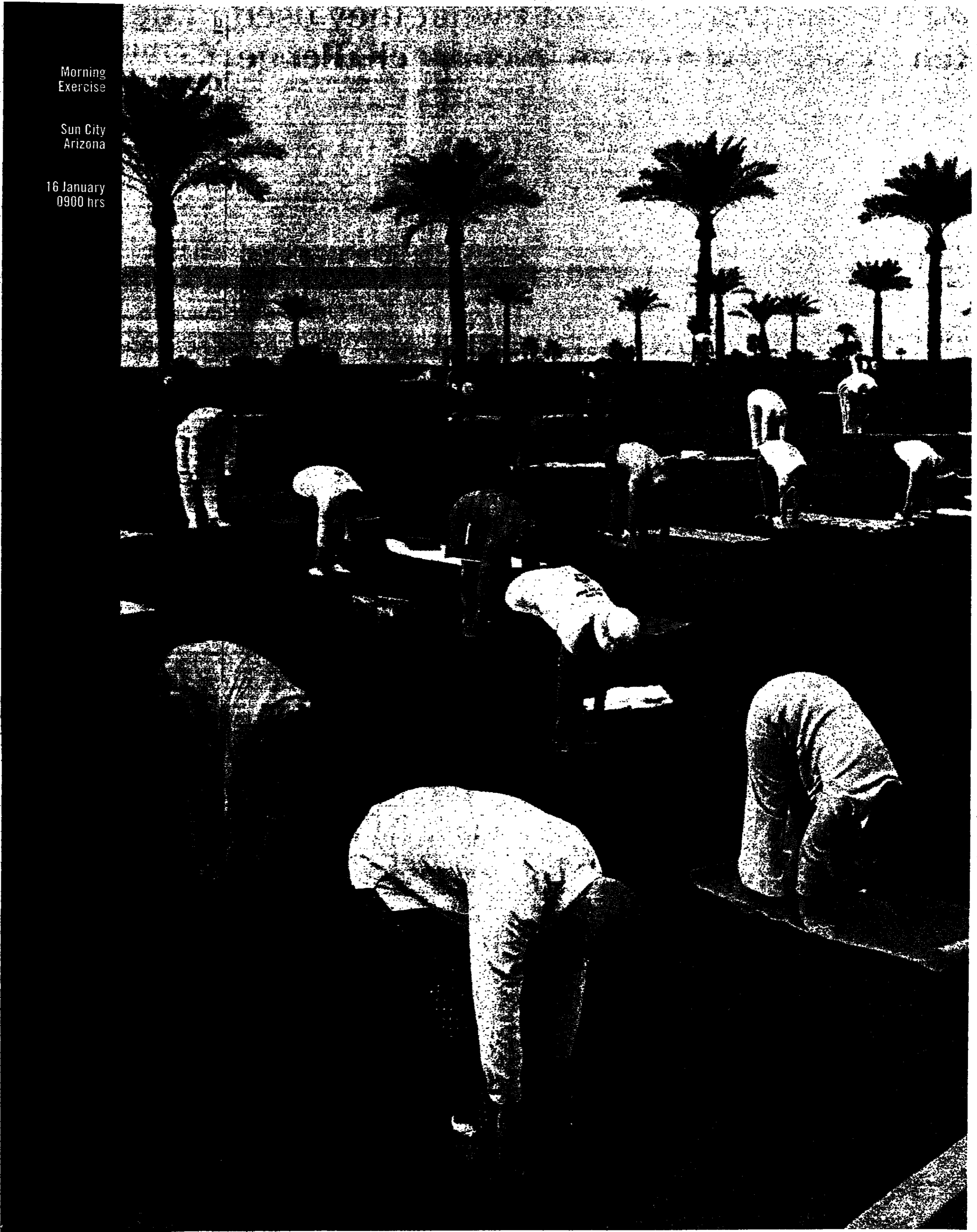
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THIS WEEK

Conventions ain't what they used to be

For many days to come, the American political conventions will be inescapable. Thanks to the Olympics, they are unusually compressed into the month of August...

It should not be assumed that conventions are only held in cities with military or patriotic reputations. Favourite sites over the years have been New York and San Francisco...

DATELINE

San Diego: America's political gatherings this year coincide with the month when the national mind is on the beach, writes Jurek Martin

is far too flinty and self-contained to want to accommodate the riff-raff while San Diego is an act of contrition for the Republican party for writing off the largest state four years ago.

Their prime purpose remains to choose the presidential ticket and agree on a policy platform. But nominees are now selected in earlier primaries and platforms usually forgotten by all but the noisy activists.

had to go to the full Democratic convention to fight for which delegates could and could not be seated. These and other disputes of mind boggling technicality...

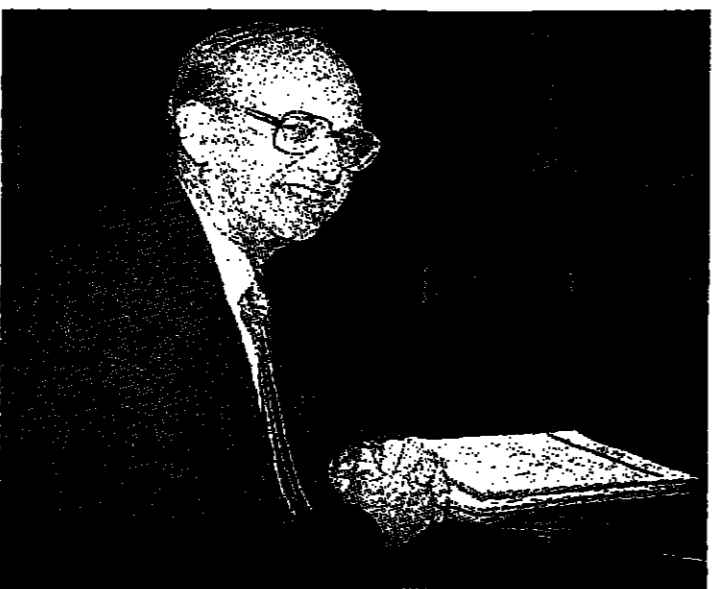
of Spiro Agnew in 1968 and so did George Bush 20 years later when the "senator from Indiana" he was known to favour turned out to be not the respected greybeard Richard Lugar but the unheralded Dan Quayle.

Miami Beach in 1972 were marked by a fair amount of anti-race street violence. This was when your correspondent learned that picking up a tear gas canister on the bounce and throwing it away...

In focus: John Carter, Commercial Union

An unflappable strategist

Step out of the futuristic City headquarters of Lloyd's of London. Cross the street. Take the lift to the top of the taller but much less pretentious building opposite. Enter the office of John Carter...



John Carter: epitomises CU's staid consistency

underwriting cycle. As UK private motor rates tumbled over the past two years, for example, CU held firm, lost a lot of customers - but continued to make a profit on the book.

and pollution - which had produced a succession of losses for the group and turned CU into the industry's fallen star.

using the chief executive's car. In an early role, as general manager of CU's UK division in the early 1980s, he was credited with introducing a degree of professionalism unfamiliar to insurers brought up in a post-war atmosphere of sleepy bureaucracy.

FT GUIDE TO SPACE RESEARCH

What is the point of exploring space? It has brought us cheaper international telecommunications, satellite television, better weather forecasting, Teflon and Velcro.

There have been cutbacks at Nasa, and the planners know it is easier to persuade governments to pay for projects whose aims are close to home, such as weather and mapping, than to push back the final frontier.

Did we need to go to all the way to the moon to do that? Listen, all of us are in the gutter and more of us should be looking at the stars. People feel good when great things are achieved.

But now they're going to spend trillions to send some guys to Mars? Not quite yet. The discovery of what look like fossils in what seems to be Mars rock will rekindle interest in the red planet.

There's a good idea. What about a Coca-Cola rocket or an AT&T shuttle? It's been thought of before but tried rarely. Perhaps a rocket that exploded would do serious collateral damage to a nearby brand.

Why is that so difficult? We did it with the moon. First, it is a lot further. Even at their closest, Earth and Mars are 40m km apart.

So how much does space exploration cost? In the US, Nasa wants to spend \$13.8bn (\$8.5bn) next year and the European Space Agency about \$3bn. Those figures are just for one year.

Sounds like getting there and back even without people is going to be extremely costly. A probe is planned for 2005, but Nasa would love to have more money before then for Mars research.

Why does it cost so much? Rockets take years to build. They are hand-made. Except for the Shuttle they are used once and thrown away.

If Mars is that difficult, is there any chance of going to the stars? There are some earthbound experiments underway to try to detect planets orbiting other stars. It's not lack of money that's preventing trips, manned or otherwise.

Are you saying that today's space programmes are a bargain? The last man to walk on the moon was Eugene Cernan and Harrison (Jack) Schmitt, the crew of Apollo 17, in December 1972.

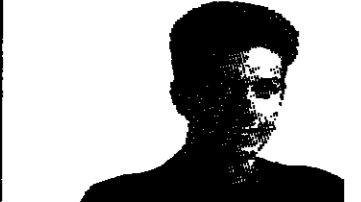
When will we be able to step into space ourselves, to see what the view's like from there? There are plenty of ideas for space tourism. One is a helicopter that would fly to the edge of the atmosphere, where rockets would blast it into near-space.

Daniel Green

Robert Chote - Economics Notebook

Swiss pay for safe-haven status

Switzerland's predicament highlights doubts about the euro



Pity the Swiss. Their economy has grown by less than 1 per cent over the last five years, unemployment has risen to record levels and economic activity is well below its potential.

cock-up, not conspiracy. Consider the practical task which the ECB will face. Like most central banks it will set short-term interest rates in order to safeguard price stability as best it can.

credibility to the ECB by creating it in its own image. The Bundesbank is covertly pragmatic. It enjoys credibility not because it sticks to its money supply targets, but because its track record in achieving low inflation over many years reassures investors that it can safely ignore its own rules whenever common sense dictates.

to the task of deriving a reliable, timely and consistent measure of economic activity across the euro-area. Germany argues that euro-area inflation should be targeted via an intermediate money supply target.

credibility to the ECB by creating it in its own image. The Bundesbank is covertly pragmatic. It enjoys credibility not because it sticks to its money supply targets, but because its track record in achieving low inflation over many years reassures investors that it can safely ignore its own rules whenever common sense dictates.

Table with 4 columns: Country, 1995, 1996, 1997. Lists various countries and their economic indicators.

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Handwritten text in Arabic script: صديقا من الامم

COMPANIES AND FINANCE

Skynet puts its transfer to Aim on hold

By Peter Pearce
Skynet, a company set up to track vehicles by satellite, has put on hold its intentions to graduate from Ofex to Aim today.

company had been trying to raise a net £2m (\$3.1m) in a placing which was to have closed tomorrow.

Funds more bullish on UK

By Philip Coggan, Markets Editor
Fund managers are becoming more optimistic about the UK stock market but are reducing their purchases in the Pacific basin and Japan, according to the latest Merrill Lynch/Gallup survey.

Anger at £4m Kepit termination fee

By Roger Taylor

Investment managers bidding to take control of the Kleinwort European Privatisation Trust (Kepit) are furious at having to pay a \$4m (\$6.3m) fee to Kleinwort Benson. At least two managers have decided against putting in an offer for the fund, in part because of this.

weak performance under the management of Kleinwort Benson, which prompted a hostile bid from rival investment trust TR European Growth.

Ms Sarah Bates, managing director of Invesco's investment trust division said: "A lot of companies are bidding for this fund. A major element will be the willingness of companies to pay Kleinwort Benson's compensation fees.

Deutsche Morgan Grenfell is the only company, apart from TR, European Growth, so far known to have made a firm commitment to bid for the fund. Nine other companies, including Fidelity and Flemings, have expressed interest.

usually for between one and three years, and fees are between 0.5 and 1.5 per cent a year of the fund.

NEWS DIGEST

Norish makes coldstore sale

Norish, the Irish food distribution and refrigeration group, is selling its coldstore at Castleblayney, Co Monaghan, to Molloy & Sherry for £1.65m (\$2.68m) cash.

Following the disposal, Norish will pay £3.000 for a 30 per cent stake in Lochmeen, a Molloy & Sherry group company which will take over the operation. Norish will use the net proceeds of £1.55m to reduce borrowings.

Fiscal Properties acquisition

Fiscal Properties has agreed to pay Doncaster 2000 £6.03m for a new 57,797 sq ft office property in Doncaster. It is let to the Department of the Environment for 25 years from July 1988 subject to upward-only rent reviews every five years.

Crown Products double buy

Crown Products, the expanding Aim-listed toy and stationery group, has made two acquisitions to strengthen its range of indoor and outdoor play equipment and furniture.

The UK market has struggled throughout 1996, despite a number of take-over bids and share buy-backs which have returned cash to investors; political worries have been one of the main factors holding the market back.

However, for the first time in several months, most fund managers are not expecting to increase their cash holdings, which shows that their caution may be fading.

Soccer's financial big league

Poorer clubs fail to win promotion, writes Patrick Harverson

Football finances: cash flows 1994-95. A flowchart showing the financial flows of Premier League clubs. It details 'Gross receipts and season ticket income', 'Transfer fees to non-English clubs', 'Net cash generated', and 'Other operating costs'. It also includes a caption about the widening income gap between top and lower divisions.

Mayflower joins queue for Lotus

Mayflower, the UK engineering and automotive group, and TWR, the engineering and racing concern, are understood to have joined a list of companies interested in buying Lotus. Mr Soen says: "With the average Premier League club now having a turnover almost four times that of the average Division One club, it is difficult to see how even the larger Football League clubs are going to bridge the gap with the Premier League and sustain it."

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WWF World Wide Fund For Nature. Tropical hardwood trees are more valuable to loggers than other trees in the rainforest. High prices for hardwood ensure that loggers have no qualms about destroying other trees that stand in their way.

In-house analysts are gaining ground

Fund managers are increasingly relying on their own research, writes Nicholas Denton

FUND MANAGEMENT. Go to a UK company's annual results briefing these days and there are some fresh faces. Among the analysts from stockbrokers are representatives of a new breed: the in-house analyst from a fund manager that owns shares in the company. These "buy-side analysts" - so called because they represent the institutions which buy shares - may only earn half or a third as much as their sought-after counterparts employed by stockbrokers.

Belgaco
German
Financial advance a
USA
Suit again leave USA

سكتة من الاجمل

COMPANIES AND FINANCE

Belgacom investors encouraged by 15% rise

By Neil Buckley in Brussels

Strong growth in mobile phone and fixed telephony services helped Belgacom, the partially-privatised Belgian telecommunications group, increase first-half net profits 15 per cent from BFR6.7bn to BFR8.6bn (\$21.5bn).

and tax jumped 30 per cent from BFR10.4bn to BFR13.5bn. The results will be a boost for the consortium of Ameritech, the US telecoms company, Tels Danmark and Singapore Telecom, which paid BFR7.8bn last December for a 49.9 per cent stake in the company, which is still majority-owned by the Belgian state.

The Ameritech-led group beat a joint rival bid from KPN, the Dutch telecoms operator, and Swiss Telecom. Belgacom said the outlook for the year was "encouraging", and that it expected the same growth in turnover as in 1995 - when sales rose 8.6 per cent - and an "improvement in operating profit".

But analysts agree that Belgacom faces difficult challenges as it prepares to lose its monopoly on voice telephony in Belgium in time for liberalisation of the European Union's telecoms market from January 1 1998. One task will be to increase efficiency by cutting staff - the company had only 178 fixed lines per employee at the end of 1995, far fewer than the European average.

Competition is also likely to bring Belgacom's prices under pressure. A recent increase in call charges has already prompted complaints to the European Commission. However, analysts also point to growth opportunities, with Belgacom's total of 4.8m fixed lines at the end of June representing a market penetration of only 46 per cent - well below some European rivals.

NEWS DIGEST

Former Lazard man faces prison

Mr Mark Ferber, a former partner at Lazard Freres, the New York investment bank, faces a prison sentence and millions of dollars in fines after being convicted by a Boston court of fraud and corruption. He is the highest-profile Wall Street executive to face jail since Mr Michael Milken and Mr Ivan Boesky were imprisoned in the insider dealer cases of the 1980s.

NBP bond debut flops

A maiden foray by the National Bank of Poland (NBP) into the domestic bond market, its first ever outright bond sale, met with scant success when the 29 market-making banks refused to accept the rates offered. "These bonds have low liquidity and that means that the interest rate must be at least 20 basis points (or 0.20 percentage point) higher than 52-week Treasury bills, which are currently yielding more than 20 per cent," said Mr Piotr Bednarek, principal dealer at ING bank in Warsaw.

Radex-Heraklith declines

Radex-Heraklith, the Austrian industrial group which claims to be the world's biggest maker of high-grade refractory materials, has reported a 12.6 per cent drop in first half pre-tax profits to Sch208m (\$20m). Net sales for the six months to end-June fell Sch10.4bn.

German Länder bond issue to be priced today

By Andrew Fisher in Frankfurt

Pricing will today take place of the DM6bn "jumbo bond" issued by seven German regional states (Länder). The states, which banded together for the first time in a bid to lower borrowing costs and increase their capital market presence ahead of European monetary union, announced details of the issue on Friday.

It will run for 10 years and carry a 6.25 per cent coupon, yielding 17 basis points more than the comparable government bond, Dresdner Bank, a lead-manager of the issuing consortium, said. The largest share of the issue's proceeds will go to the industrialised state of North Rhine-Westphalia, which will receive DM1bn.

The states of Berlin, Hamburg, Hesse, Rhineland-Platinata, Saxony-Anhalt and Schleswig-Holstein will each have DM500m. Germany's states, of which there are 16, are concerned that their borrowing powers could be weakened after EMU when they will be competing with other European regions to borrow in euros. Länder bonds make up about 10 per cent of German public sector debt.

By issuing jumbo bonds, which are liquid and appeal to international investors, the states hope to reduce funding costs and attract more international investors. At present, they issue largely through privately-placed certificates (Schuldscheine) and small bearer bond issues, both of which are very illiquid.

Bankers expect issues of Schuldscheine to continue, but foresee more jumbo bonds as the Länder continue co-operating to strengthen their borrowing muscle. The main issuing consortium consists of ABN Amro Bank, Commerzbank, Deutsche Morgan Grenfell, DGBank, Dresdner Kleinwort Benson, Landesbank Hessen-Thüringen, Paribas Capital Markets, Trinkhaus & Burkhart, Union Bank of Switzerland and Westdeutsche Landesbank.

Financial trading drives advance at Julius Baer

By William Hall in Zurich

Julius Baer, the biggest of the publicly-quoted Swiss private banks, increased net profits in the first half of 1996 by 28 per cent to SFR2.2m (\$51.7m). However, its results show the growing dependence of Swiss banks on volatile trading profits to maintain profits growth. Profits from trading in securities and foreign exchange rose 31 per cent to SFR78.8m, while net interest income fell 5 per cent to SFR64.4m despite 9 per cent growth in the group's balance sheet to SFR9.1bn. Net

income from fees and commissions, which traditionally accounts for more than half of profits, rose 21 per cent to SFR143.4m. Baer's traditional business - managing private client money - accounts for about 70 per cent of funds under management. In the latest six months, assets under management rose 14 per cent to SFR56.2bn, reflecting the "substantial acquisition" of private and institutional accounts. The group says growth in this area forms a "solid basis for growth of commission income as well as further

activities related to the portfolio management business". However, a comparison of Baer's latest half-year results with its performance two years ago shows its recent growth in profits can be mainly attributed to it more than doubling trading income over the period. By contrast, Baer's net commission income is marginally down on the 1994 figure of SFR145m, despite a 29 per cent rise in funds under management. Meanwhile, net interest income, one of the more stable sources of profits, has fallen 10 per cent since 1994.

Fresenius lifts first-half profits 51% to DM53m

By Wolfgang Münchau in Frankfurt

Fresenius, the German medical group, lifted net income 51 per cent to DM53m (\$35.8m) in the first six months of the year. It attributed the improvement to fast sales growth, especially in the Dialysis Systems division, the core business of the group. The interim results do not yet take account of the planned multi-billion dollar acquisition of National Medical Care (NMC), a leading operator of dialysis centres and a subsidiary of W. R.

Grace, the US chemicals group. Fresenius' acquisition of a majority stake in NMC still needs the approval of shareholders in W. R. Grace and of Fresenius' US operations before the deal is completed in the autumn. The merger has been approved by the Federal Trade Commission of the US and the Federal Cartel Office in Germany. Fresenius' sales rose 27 per cent to DM1.35bn in the period, including a contribution from two acquisitions in Austria and Mexico. Without these, sales growth would have amounted to 14



Dogfight: USAir claims BA deal with American Airlines violates terms of alliance

Suit against BA could leave USAir flying solo

Management at the US carrier is ready for independence

As USAir indulging in a spot of irony when it reacted to news of the alliance proposed by British Airways and American Airlines in June? The proposal had, claimed the junior partner in a three-year-old alliance with British Airways, "the potential to provide USAir with the ability to pursue new and positive opportunities". Two months later, it has become clear just what those opportunities were. One is the chance to sue British Airways and American Airlines for allegedly tramping over USAir in their eagerness to do a deal, another, the opportunity to try to terminate USAir's partnership with British Airways.

had suffered four consecutive years of heavy losses and was badly in need of cash. British Airways came as a saviour with its offer to invest \$750m over five years. Under phase one of the three-phase deal - the only part completed - British Airways invested \$300m in USAir in return for a 24.6 per cent stake in the company and three seats on the board. The airlines also struck a code-sharing deal. The alliance seemed to make sense. USAir was the biggest airline on the US east coast and British Airways the biggest transatlantic operator. By integrating operations, the two could offer seamless connections for passengers travelling between dozens of US cities and the UK.

Now, however, USAir argues it got the raw end of the deal. At British Airways' insistence, it says, it was obliged to relinquish its three routes between the US and the UK, leaving British Airways to fly them instead. And while the code-sharing agreement allowed British Airways to put its codes on USAir flights, USAir was barred from putting its own codes on British Airways flights. In effect, USAir says, the deal turned it into little more than a domestic feeder service for British Airways' transatlantic services. While British Airways says it benefits by about \$100m a year from the alliance, USAir says it gets \$80m. British Airways points to the fact that its investment in USAir probably saved it from oblivion. But USAir's suit goes on to allege it "was kept in the dark about British Airways' negotiations to

Richard Tomkins

Advertisement for Leica cameras. Features the Leica logo, the text "LEICA", and a large quote: "Each Leica is an original in its own right - never a mere copy." Below the quote is a photograph of a Leica camera. At the bottom, it says "Leica Camera AG · Oskar-Barnack-Strasse 11 · 35086 Solms (Germany)".

ation fee

Mayflower joins queue for Lotus

analysts ground

ING BANK
Seu Parceira em Mercados Emergentes e de Capitais
ING BARINGS

FINANCIAL TIMES
MARKETS
THIS WEEK

ING BANK
At Home in Emerging and Capital Markets
ING BARINGS

Global Investor / Peter Martin

Lessons from the July setback

We are now far enough from the sharp market setback of July to draw lessons from the event. The FTSE 100 World Actuaries index is back to within 2 per cent of its high. Is it back to business as usual?

larger stocks by 8 per cent or so since the June correction. To put it another way, the Dow Jones Industrial Average is roughly 1.8 per cent below its May high; the Nasdaq Composite is 10 per cent below its peak of early June.

though their underperformance was not as marked as in the early part of the year. So much for history. What are the lessons? There are three. First, despite recovering its poise, the market is still wary of small-cap stocks, especially technology plays.

Key Index movements

Table with columns: % change in 5 terms, Dow Jones, FTSE 100, Nikkei, FTSE-A Europe. Rows: Week, Month, Year for various indices.

Total return in local currency to 8/8/96

Table with columns: US, Japan, Germany, France, Italy, UK. Rows: Cash, Bonds 3-5 year, Bonds 7-10 year, Equities.

Bayer and Hoechst look strong in first half

Analysts expect Germany's chemicals companies to perform strongly in the first half of this year. But with no sign of any decisive pick-up in the economy, the companies will refrain from being too bullish about their prospects for the rest of the year.

However, given the uncertainty about the strength of the upturn in the German economy, the companies would not want to pin themselves down to overly positive forecasts for the remainder of the year, analysts said.

(\$994m-\$1.1bn), compared with SKr6.338bn a year earlier, according to a survey of analysts. The average expectation is for a first-quarter pre-tax profit of SKr6.949bn, according to survey published by the Swedish news agency Direkt.

German chemicals Sector relative to the Dax Index. Line graph showing performance from 1995 to 1996.

Smith & Nephew Share price (pence). Line graph showing share price from 1995 to 1996.

WPP's plan to improve operating margins by 1 percentage point a year is reaping dividends - the current figure is around the 10 per cent mark - although the group has some way to go before it reaches the 12-15 per cent of its peers in the US.

its tactics for countering the competitive threat posed by newly merged rival Royal & Sun Alliance.

Analysts will be looking for continued growth in US market share in industrial gases. Also of interest will be progress at the company's vacuum division, which serves the turbulent semiconductor industry, while its healthcare operations are still suffering from heavy competition.

From automotive to automation, Rockwell gets your business moving. Rockwell logo.

Non-voting shares come to India

The spectre of non-voting shares looks set to unsettle yet another equity market. The Indian government cleared the way in last month's federal budget for Indian companies to issue non-voting shares for up to 25 per cent of their capital.

Mr Adrian Mowatt, director of Martin Currie Investment Management, said non-voting shares were unlikely to find acceptability in the market. He said they increased the cost of capital for ordinary shareholders, as higher dividend payments are usually required to compensate for the lack of voting rights.

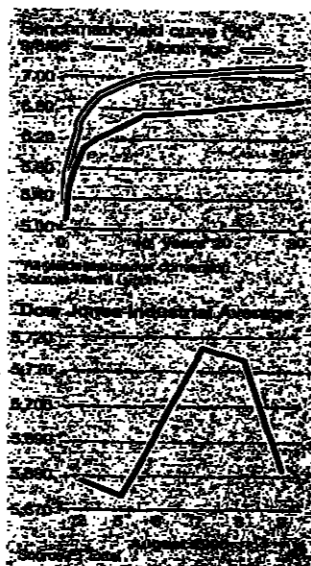
FT&S&P ACTUARIES WORLD INDICES

Table with columns: NATIONAL AND REGIONAL MARKETS, Friday August 9 1996, Thursday August 8 1996, Dollar Index. Rows: Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hong Kong, Indonesia, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Philippines, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, United Kingdom, USA, Americas, Europe, Pacific Basin, North America, Europe Ex. UK, Pacific Ex. Japan, World Ex. UK, World Ex. Japan, The World Index.

دوركا من الامل

MARKETS: This Week

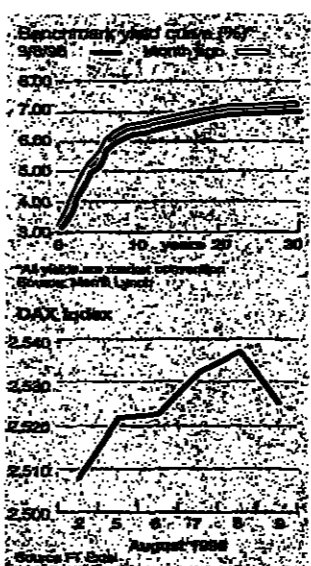
US markets maintained their more relaxed stance last week following the dramatic and favourable re-appraisal of the outlook for the US economy the week before.



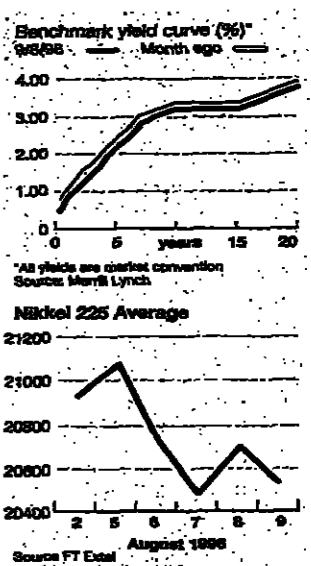
Economic data seem likely to set the market agenda in London this week, after the recent run of corporate news which moved the FT-SE 100 index towards the top of its recent trading range.



After the banks, it is the rest of the chemical companies. Germany's banks mostly turned in impressive first-half results, and speculation about possible mergers, takeovers or alliances helped keep their share prices buoyant.



The Bank of Japan's efforts to alleviate concerns over an imminent interest rate rise helped Tokyo's bond market, but the stock market remained sluggish on worries over future supply.



Analysts see little on the horizon to interrupt this trend. Friday's figures for producer prices, showing an increase of just 0.1 per cent, reinforced perceptions that the inflation threat is in retreat, leading to a growing belief that the Fed will not push up interest rates at the meeting of its open market committee next week.

another week of good news on the economic front. Among the more notable statistics, the latest inflation figure - the consumer price index for July, due tomorrow - is expected to show a favourable picture with an increase of just 0.2 per cent.

that the Fed will hold fire played its part, along with decent corporate results and takeover rumours, in prompting the Footsie to record seven consecutive gains. But so far this year, every time the Footsie has rallied past 3,800, something has happened to drag it back down again.

With the Bundesbank still on its summer break and the next council meeting not until 10 days' time, interest rate cut expectations remain muted. Signs of a strengthening economy, with better industrial orders and production figures announced last week for June, could prompt the central bank to keep rates unchanged for a while longer.

unchanged for a while longer. Having decided not to cut the securities repurchase (repo) rate last month, the state of the economy could confirm its no-change policy.

July's business sentiment index, to be released by the Ifo economic research institute before the next Bundesbank meeting, could be more positive than in June. J. P. Morgan said. This would give the central bank a good reason to keep the repurchase rate on hold.

expected to continue to write off bad loans, are raising capital on the stock markets. Industrial Bank of Japan recently announced it would issue ¥225bn in new shares. While Nippon Credit Bank last week said it would issue preferred shares.

Worries over the listing of West Japan Railway, one of the seven groups created by the break-up of Japan National Railway in 1987, will also hang over the market. Investors will focus on the auction outcome.

COMMODITIES

Gold price prepares for test

The gold market's attempt to break into higher ground stalled last week at \$392.40 a troy ounce, and the price subsided to \$387.70. But traders generally remained generally bullish, suggesting that a fresh sortie into the \$390s was more likely than a retreat to \$385.

second quarter of this year, during which the average price was \$10 below that of the previous quarter. She will focus on how demand has reacted to price changes in different markets.

a decisive break above the one-year moving average of \$390 would cement the start of the uptrend.

OTHER MARKETS

NORDIC

Having already reacted with enthusiasm to progress reports from Electrolux, in Sweden, and Nokia in Finland, Nordic markets will be tested again this week as the interim results season gets into top gear.

ZURICH

The Swiss market has made good the setbacks suffered in the second half of July, having advanced by about 11 per cent since the beginning of this year. Renewed optimism in the banking sector was generated by the CS Holding restructuring plans at the end of June, says Mr Jan McEwen at Lehman Brothers, and underpinned by the half-year figures from UBS last Monday.

BANGKOK

Organisers of Thailand's B2bn stock market support fund are aiming to pump part of the money into the market next week - as soon as they can raise the money and the market itself stabilises, writes Ted Bardacke. Brokers and the Thai Bankers Association, which will lend B2bn to the fund, are

HONG KONG

Summer doldrums are expected to grip the market this week, with turnover shrinking and share prices drifting lower, writes Louise Lucas. Meanwhile, the five stocks targeted by big buyers or sellers are likely to be volatile in a period of thin volume.

India

Summer jitters over Emu poised to continue

In the absence of any important policy events in the diary, markets look this week to maintain their traditional summer focus on European monetary union.

under pressure, and a number of central banks were reported in the market to be supporting their currencies. More of the same can be expected, although the extent of current moves remains a long way short of a serious currency crisis.

etary Institute. This has been a cause of friction between the UK and some of its partners.

Markets have backed away from expectations of higher interest rates, which damaged equities and the dollar earlier last month.

As far as the Republicans are concerned, there has been little evidence to date of the US presidential contest affecting the dollar. Markets have generally responded well to the Greenspan/Rubin stewardship of the dollar, and will see little need for change.

FT GUIDE TO WORLD CURRENCIES

Table with columns for Country, Currency, Bid, Offer, and other market data for various global currencies.

CROSS BORDER M&A DEALS

Table listing M&A deals with columns for Bidder/Investor, Target, Sector, Value, and Comment.

SIGMA SECURITIES S.A. - MEMBER OF THE ATHENS STOCK EXCHANGE

Table showing Athens Stock Exchange data for August 2nd and August 9th 1996, including ASE Index, P/E, EPS, and other metrics.

Standard Chartered advertisement featuring the company logo, name, and details of a US\$400,000,000 Undated Primary Capital Floating Rate Note.

Credito Italiano advertisement featuring the company logo, name, and details of a US\$100,000,000 Undated Primary Capital Floating Rate Note.

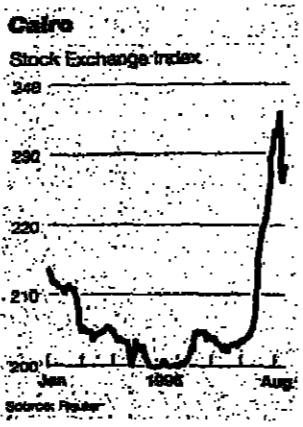
Les Echos advertisement featuring the company logo, name, and contact information for Toby Finden-Crofts.

MARKETS: This Week

EMERGING MARKETS By Sean Evans

Privatisation sets Egypt alight

After years of slow growth and gradual adjustment to market disciplines, Egypt has finally ignited its privatisation programme. President Mubarak may be seeing the realisation of his prophecy, that "1996 would be the year of the breakthrough" in attracting much-needed foreign investment.



After a bull year in 1994, the market sobered up during 1995 because of stagnation of the privatisation programme, a withdrawal from the International Monetary Fund agreed commitments to lower tariffs on imported goods, and hesitation on investor-friendly legislative reform.

Unseasonable flurry of issues set to continue

The eurobond market usually grinds to a halt in August, as investors and borrowers leave their offices en masse for their summer holidays. But this year, the market is turning out to be unseasonably lively.

INTERNATIONAL BONDS By Antonia Sharpe and Peter John

Unseasonable flurry of issues set to continue

The eurobond market usually grinds to a halt in August, as investors and borrowers leave their offices en masse for their summer holidays. But this year, the market is turning out to be unseasonably lively.

10-year benchmark bond yields

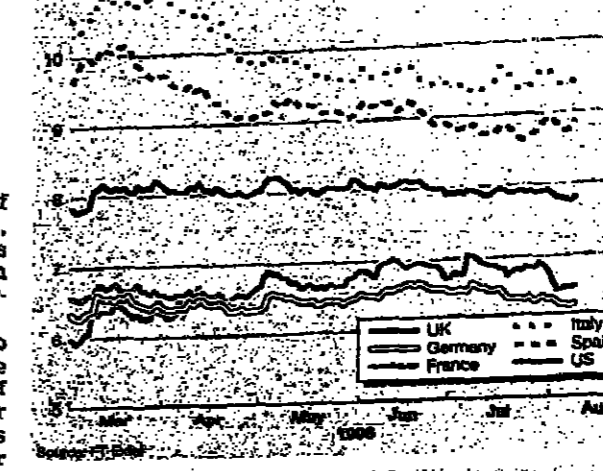


Table showing 10-year benchmark bond yields for various countries including USA, Japan, Germany, France, Italy, and UK. Columns include Discount, Overnight, Three-month, One-year, Five-year, and Ten-year yields.

ING BARRING SECURITIES EMERGING MARKETS INDICES

Table of Emerging Markets Indices showing performance for various regions like Latin America, Europe, Asia, and Africa. Columns include Index, 8/8/96, Week on week movement, and Year to date movement.

ARGENTINA RETURNS WITH \$500M FRN

Argentina's return to the eurobond market last Wednesday with a \$500m offering was not in itself spectacular, reflecting little more than the continuation of the country's medium-term note programme.

Argentina returns with \$500m FRN

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Reinsurance advertisement for Monday, September 9. Includes text about financial times plans to publish a survey on the most significant issues facing the industry.

Banco de Boston S.A. advertisement for 8% Notes Guaranteed as to Commercial Risk Due 2001. Includes details about the bank and the notes.

Table of New International Bond Issues listing various bonds from different countries with columns for currency, amount, maturity, coupon, price, yield, launch, and bank name.

Table of New International Bond Issues (continued) listing various bonds from different countries with columns for currency, amount, maturity, coupon, price, yield, launch, and bank name.

Get real-time quotes! advertisement for Signal MDBC. Promotes accurate, reliable quotes for your PC with Signal.

NOTICE OF EARLY REDEMPTION advertisement for TVO Teollisuuden Voima Oy FF 500,000,000 Retractable Bonds due 2001.

The United Mexican States Floating Rate Notes Due 2000 advertisement from Banco Nacional de Mexico, N.Y. New York Agency.

Guilbert advertisement featuring a table of Quarterly Turnover and Geographical Breakdown, along with contact information.

UNITED MEXICAN STATES US \$6,000,000 Floating Rate Notes due 2001 advertisement.

USD 10,000,000 EURO MEDIUM TERM NOTE PROGRAMME OF SOCIETE GENERALE advertisement.

The Emerging Markets Strategic Fund advertisement from Société d'investissement à capital variable.

MARGINED CURRENCY DEALING advertisement from Laurion, featuring flexible managed accounts and limited liability.

BANQUE NATIONALE DE PARIS advertisement for the Issuance of Debt Instruments, including contact information for the bank.

Handwritten Arabic text: صديقا من الالمان

CURRENCIES AND MONEY

POUND SPOT FORWARD AGAINST THE POUND

Table with columns for Country, Closing mid-point, Change on day, Bid/offer, Day's mid, One month, Three months, One year, Bank of England rate.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns for Country, Closing mid-point, Change on day, Bid/offer, Day's mid, One month, Three months, One year, JP Morgan rate.

WORLD INTEREST RATES

Table with columns for Country, Over night, One month, Three months, Six months, One year, Repo rate.

EURO CURRENCY INTEREST RATES

Table with columns for Country, Short, 7 days, One month, Three months, Six months, One year.

CROSS RATES AND DERIVATIVES

Table with columns for Country, Bid, Offer, Bid, Offer, Bid, Offer, Bid, Offer, Bid, Offer, Bid, Offer.

FT GOLD MINES INDEX

Table with columns for Country, Bid, Offer, Bid, Offer, Bid, Offer, Bid, Offer, Bid, Offer, Bid, Offer.

LONDON RECENT ISSUES: EQUITIES

Table with columns for Issue, Price, Change, High, Low, Est. Vol, Open Int.

RIGHTS OFFERS

Table with columns for Issue, Amount, Latest price, 1996 price, High, Low, Stock, Closing price.

UK INTEREST RATES

Table with columns for Term, Rate, Term, Rate, Term, Rate, Term, Rate.

LONDON MONEY RATES

Table with columns for Term, Rate, Term, Rate, Term, Rate, Term, Rate.

BANK OF ENGLAND TREASURY BILL TENDER

Table with columns for Term, Rate, Term, Rate, Term, Rate, Term, Rate.

BASE LENDING RATES

Table with columns for Bank, Rate, Bank, Rate, Bank, Rate, Bank, Rate.

UK GILTS PRICES

Table with columns for Term, Price, Term, Price, Term, Price, Term, Price.

STOCK INDICES

Table with columns for Index, Value, Change, High, Low, High, Low, High, Low.

UK MARKETS

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Table with columns for Index, Value, Change, High, Low, High, Low, High, Low.

Shin-Etsu Chemical Co., Ltd. U.S. \$30,000,000 3 per cent Convertible Bonds Due 2000

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LEGAL NOTICES CHAMPAGNE DRELMIS LIMITED

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector with columns for company name, share price, and change.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector with columns for company name, share price, and change.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector with columns for company name, share price, and change.

BREWERIES, PUBS & REST

Table listing companies in the Breweries, Pubs & Rest sector with columns for company name, share price, and change.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector with columns for company name, share price, and change.

BUILDING MATS. & MERCHANTS

Table listing companies in the Building Mats. & Merchants sector with columns for company name, share price, and change.

CHEMICALS

Table listing companies in the Chemicals sector with columns for company name, share price, and change.

CHEMICALS - Cont.

Table listing companies in the Chemicals - Cont. sector with columns for company name, share price, and change.

DISTRIBUTORS

Table listing companies in the Distributors sector with columns for company name, share price, and change.

DIVERSIFIED INDUSTRIALS

Table listing companies in the Diversified Industrials sector with columns for company name, share price, and change.

ELECTRICITY

Table listing companies in the Electricity sector with columns for company name, share price, and change.

ELECTRONIC & ELECTRICAL EQPT

Table listing companies in the Electronic & Electrical Eqpt sector with columns for company name, share price, and change.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector with columns for company name, share price, and change.

ENGINEERING - Cont.

Table listing companies in the Engineering - Cont. sector with columns for company name, share price, and change.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector with columns for company name, share price, and change.

EXTRACTIVE INDUSTRIES - Cont.

Table listing companies in the Extractive Industries - Cont. sector with columns for company name, share price, and change.

FOOD PRODUCERS

Table listing companies in the Food Producers sector with columns for company name, share price, and change.

FOOD PRODUCERS - Cont.

Table listing companies in the Food Producers - Cont. sector with columns for company name, share price, and change.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector with columns for company name, share price, and change.

HOUSEHOLD GOODS - Cont.

Table listing companies in the Household Goods - Cont. sector with columns for company name, share price, and change.

INSURANCE

Table listing companies in the Insurance sector with columns for company name, share price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, share price, and change.

INVESTMENT TRUSTS - Cont.

Table listing companies in the Investment Trusts - Cont. sector with columns for company name, share price, and change.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Table listing companies in the Electronic & Electrical Eqpt - Cont. sector with columns for company name, share price, and change.

ENGINEERING

Table listing companies in the Engineering sector with columns for company name, share price, and change.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector with columns for company name, share price, and change.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector with columns for company name, share price, and change.

EXTRACTIVE INDUSTRIES - Cont.

Table listing companies in the Extractive Industries - Cont. sector with columns for company name, share price, and change.

FOOD PRODUCERS

Table listing companies in the Food Producers sector with columns for company name, share price, and change.

FOOD PRODUCERS - Cont.

Table listing companies in the Food Producers - Cont. sector with columns for company name, share price, and change.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector with columns for company name, share price, and change.

HOUSEHOLD GOODS - Cont.

Table listing companies in the Household Goods - Cont. sector with columns for company name, share price, and change.

INSURANCE

Table listing companies in the Insurance sector with columns for company name, share price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, share price, and change.

INVESTMENT TRUSTS - Cont.

Table listing companies in the Investment Trusts - Cont. sector with columns for company name, share price, and change.

INVESTMENT TRUSTS SPLIT CAPITAL

Table listing companies in the Investment Trusts Split Capital sector with columns for company name, share price, and change.

INVESTMENT TRUSTS SPLIT CAPITAL - Cont.

Table listing companies in the Investment Trusts Split Capital - Cont. sector with columns for company name, share price, and change.

INVESTMENT TRUSTS SPLIT CAPITAL - Cont.

Table listing companies in the Investment Trusts Split Capital - Cont. sector with columns for company name, share price, and change.

INVESTMENT TRUSTS SPLIT CAPITAL - Cont.

Table listing companies in the Investment Trusts Split Capital - Cont. sector with columns for company name, share price, and change.

EXTRACTIVE INDUSTRIES - Cont.

Table listing companies in the Extractive Industries - Cont. sector with columns for company name, share price, and change.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector with columns for company name, share price, and change.

HOUSEHOLD GOODS - Cont.

Table listing companies in the Household Goods - Cont. sector with columns for company name, share price, and change.

INSURANCE

Table listing companies in the Insurance sector with columns for company name, share price, and change.

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Table listing companies in the Investment Trusts sector with columns for company name, share price, and change.

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Table listing companies in the Investment Trusts - Cont. sector with columns for company name, share price, and change.

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Table listing companies in the Investment Trusts Split Capital sector with columns for company name, share price, and change.

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INVESTMENT TRUSTS SPLIT CAPITAL - Cont.

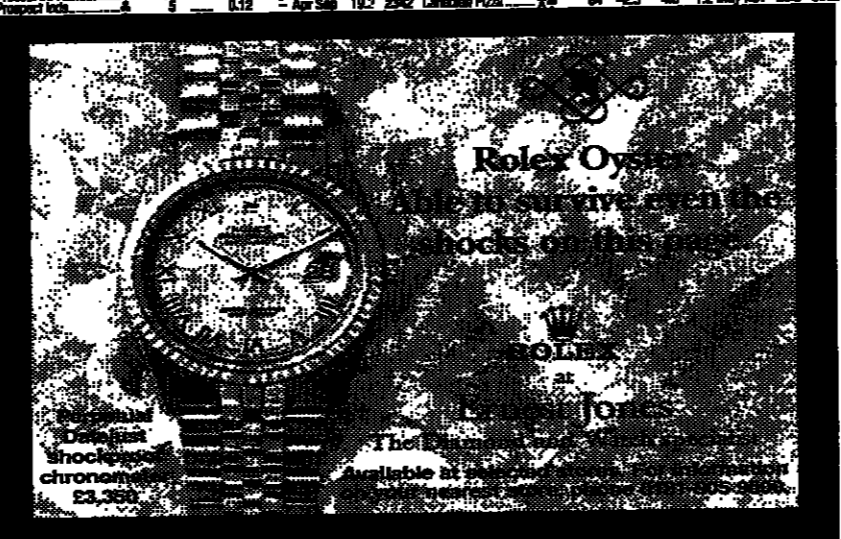
Table listing companies in the Investment Trusts Split Capital - Cont. sector with columns for company name, share price, and change.

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INVESTMENT TRUSTS SPLIT CAPITAL - Cont.

Table listing companies in the Investment Trusts Split Capital - Cont. sector with columns for company name, share price, and change.




سكواش الامال

LONDON SHARE SERVICE

DIV TRUSTS SPLIT CAPITAL - Cont.				LEISURE & HOTELS - Cont.				OTHER FINANCIAL - Cont.				PROPERTY - Cont.				SUPPORT SERVICES - Cont.				AM - Cont.											
Company	Price	Change	Dividend	Company	Price	Change	Dividend	Company	Price	Change	Dividend	Company	Price	Change	Dividend	Company	Price	Change	Dividend	Company	Price	Change	Dividend	Company	Price	Change	Dividend	Company	Price	Change	Dividend
...	

In Europe's crowded skies,
Rockwell Avionics plays a key role in
promoting safety and efficiency.



GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Index, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Index.

Dividend cover is calculated on a "net" basis.

Market capitalizations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

↑ Interest since increased or resumed
↓ Interest since reduced, passed or deferred
↔ Interest since unchanged

Company information is based on data for the FT-SE Actuaries Share Index.

Dividend cover is calculated on a "net" basis.

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↑ Interest since increased or resumed
↓ Interest since reduced, passed or deferred
↔ Interest since unchanged

FT Share Service

The following changes have been made to the FT Share Information Service: Additions: 18 (Pesticide Co (Inv Trusts), Quinlan's (Inv Trusts), BATM Adv. Comm. Fund, Solid State Supplies, UNO, Xerox Computer (Inv), Debenhams, Schroder Invest Fund (Inv Trusts), Gas Center (Inv & Hotels).

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OFFSHORE AND OVERSEAS

Lloyds Bank Money Market Fund Ltd (Lloyds Bank Money Market Fund Ltd) (0141) 742900

Table listing various offshore funds including Lloyds Bank Money Market Fund, Lloyds Bank Short Term Bond, and Lloyds Bank Global Bond.

BERMUDA (SIB RECOGNISED)

Table listing Bermuda funds such as Fidelity Currency Funds, Fidelity International Funds, and Fidelity US Funds.

IRELAND (SIB RECOGNISED)

Table listing Ireland funds including Lloyds Bank European Income, Lloyds Bank European Growth, and Lloyds Bank European Bond.

LET Asset Management Ltd (LET Asset Management Ltd) (0141) 742900

Table listing LET Asset Management funds like LET Asset Management Fund, LET Asset Management Growth, and LET Asset Management Bond.

Tinny (Tinny) Ltd (Tinny Ltd) (00351) 780001

Table listing Tinny funds including Tinny International, Tinny Growth, and Tinny Bond.

ICI Asset Management Ltd (ICI Asset Management Ltd) (0141) 742900

Table listing ICI Asset Management funds like ICI Asset Management Fund, ICI Asset Management Growth, and ICI Asset Management Bond.

Scottish American International (Scottish American International) (0141) 742900

Table listing Scottish American International funds including Scottish American International, Scottish American Growth, and Scottish American Bond.

BERMUDA (REGULATED)**

Table listing regulated Bermuda funds such as Lloyds Bank European Income, Lloyds Bank European Growth, and Lloyds Bank European Bond.

GUERNSEY (REGULATED)**

Table listing regulated Guernsey funds including Lloyds Bank European Income, Lloyds Bank European Growth, and Lloyds Bank European Bond.

LET Asset Management Ltd (LET Asset Management Ltd) (0141) 742900

Table listing LET Asset Management funds like LET Asset Management Fund, LET Asset Management Growth, and LET Asset Management Bond.

ICI Asset Management Ltd (ICI Asset Management Ltd) (0141) 742900

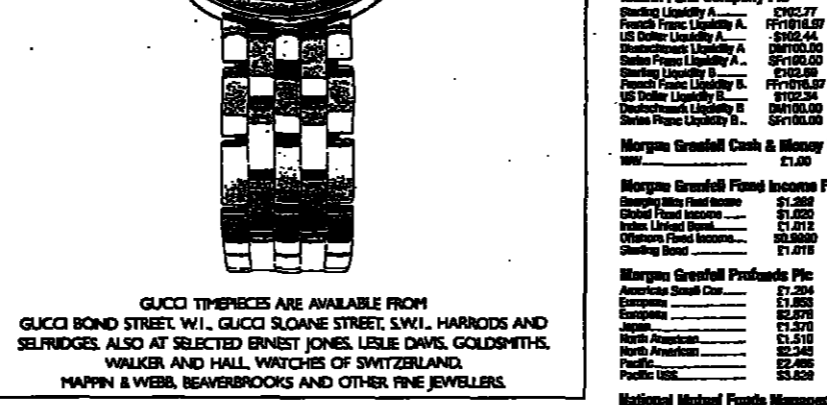
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ICI Asset Management Ltd (ICI Asset Management Ltd) (0141) 742900

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ISLE OF MAN (SIB RECOGNISED)

Table listing Isle of Man funds including Lloyds Bank European Income, Lloyds Bank European Growth, and Lloyds Bank European Bond.

ISLE OF MAN (REGULATED)**

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Table listing regulated Isle of Man funds including Lloyds Bank European Income, Lloyds Bank European Growth, and Lloyds Bank European Bond.

GUCCI CONTACT INFORMATION AND LIST OF SELECTED JEWELLERS AND WATCHES OF SWITZERLAND.

Large table listing various international funds and their details, including fund names, managers, and performance metrics.

السوق المالية

Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

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Main table containing financial data for various funds and insurance products, organized into columns such as 'LUXEMBOURG (REGULATED)', 'OFFSHORE INSURANCES', and 'LIFE ASSURANCE'. Each entry includes fund names, codes, and numerical values.

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

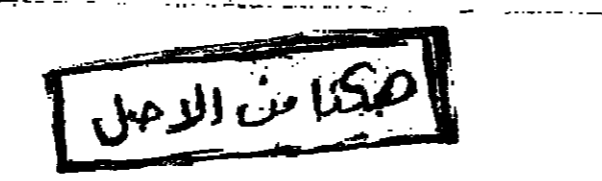
FT Cyteline Unit Trust Prices: dial 0891 430010 and key in a 5 digit code listed below. Calls are charged at 39p/minute cheap rate and 45p/minute at all other times. International access available by subscription only. For more details call the FT Cyteline Help Desk on (+44 171) 873 4876.

Main table listing various fund categories such as 'Old Mutual International - Global', 'Alpha Fund Management Ltd - Condit', 'Credit Investment Funds', 'Caribbean Fund of Funds Ltd', 'Global Asset Management', 'Asia Pacific Growth Strategy Fund', 'Asia Pacific Securities Corp Ltd', 'Asia Pacific Growth Strategy Fund', 'Asia Pacific Securities Corp Ltd', 'Asia Pacific Growth Strategy Fund', 'Asia Pacific Securities Corp Ltd', etc. Each entry includes fund name, ticker, and price.

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Table listing various fund categories such as 'Global Asset Management - Condit', 'Johnson Fry Securities Ltd', 'Julius Taylor (General) Ltd', 'Key Asset Management Ltd', 'Global Asset Management', 'Global Asset Management', 'Global Asset Management', 'Global Asset Management', etc. Each entry includes fund name, ticker, and price.

Table listing various fund categories such as 'MAGNIFIED FUNDS NOTES', 'Schwartz Investment Management Ltd', 'Schwartz Investment Management Ltd', 'Schwartz Investment Management Ltd', 'Schwartz Investment Management Ltd', etc. Each entry includes fund name, ticker, and price.



Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

Table of stock market data for Europe, including sections for Austria (Aug 9 / Sch), Belgium (Aug 9 / Franc), Denmark (Aug 9 / Kr), Finland (Aug 9 / Mark), France (Aug 9 / Franc), Germany (Aug 9 / DM), Greece (Aug 9 / Dracmas), Ireland (Aug 9 / Pounds), Italy (Aug 9 / Lira), Luxembourg (Aug 9 / Franc), Netherlands (Aug 9 / Guilder), Norway (Aug 9 / Kroner), Portugal (Aug 9 / Escudo), Spain (Aug 9 / Ptas), Sweden (Aug 9 / Krona), Switzerland (Aug 9 / Franc), and Turkey (Aug 9 / Lira).

Advertisement for Peregrine, featuring a falcon and the text: 'The Originator. Peregrine, the specialists in Asian corporate finance and the world's #1 bookrunner of Asian equity issues in 1996.' Includes contact information for Hong Kong, London, and New York offices.

Table of stock market data for Asia, including sections for Hong Kong (Aug 9 / HK\$), India (Aug 9 / Rupee), Indonesia (Aug 9 / Rupiah), Japan (Aug 9 / Yen), Korea (Aug 9 / Won), Malaysia (Aug 9 / MYR), New Zealand (Aug 9 / NZ\$), Singapore (Aug 9 / S\$), South Africa (Aug 9 / Rand), Taiwan (Aug 9 / TWD), and Thailand (Aug 9 / Baht).

Table of stock market data for Australia and Oceania, including sections for Australia (Aug 9 / A\$) and New Zealand (Aug 9 / NZ\$).

Table of stock market data for Africa, including sections for South Africa (Aug 9 / Rand) and Zimbabwe (Aug 9 / Dollar).

INDICES

Table of stock market indices for Europe, including sections for Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and Turkey.

Table of stock market indices for Asia, including sections for Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Taiwan, and Thailand.

Table of stock market indices for Australia and Oceania, including sections for Australia and New Zealand.

Table of stock market indices for Africa, including sections for South Africa and Zimbabwe.

Table of stock market indices for other regions, including sections for South Korea, Taiwan, Thailand, and North America.

US INDICES

Table of US stock market indices, including sections for Dow Jones, S & P 500, NASDAQ, and various sector indices like Industrials, Health Care, Technology, etc.

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NEW YORK STOCK EXCHANGE PRICES

Main table of stock prices with columns for stock symbols, prices, and changes. Includes sub-sections for 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

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سوق الاسواق

Continued on next page

NYSE PRICES

Table of NYSE stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'Continued from previous page', '-V-', '-U-', '-X-Y-Z-', and '-T-'.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market stock prices including columns for stock name, price, change, and volume. Includes sub-sections for '-L-', '-M-', '-N-', '-O-', '-P-', '-Q-', '-R-', '-S-', '-T-', '-U-', '-V-', '-W-', '-X-Y-Z-', and '-Z-'.

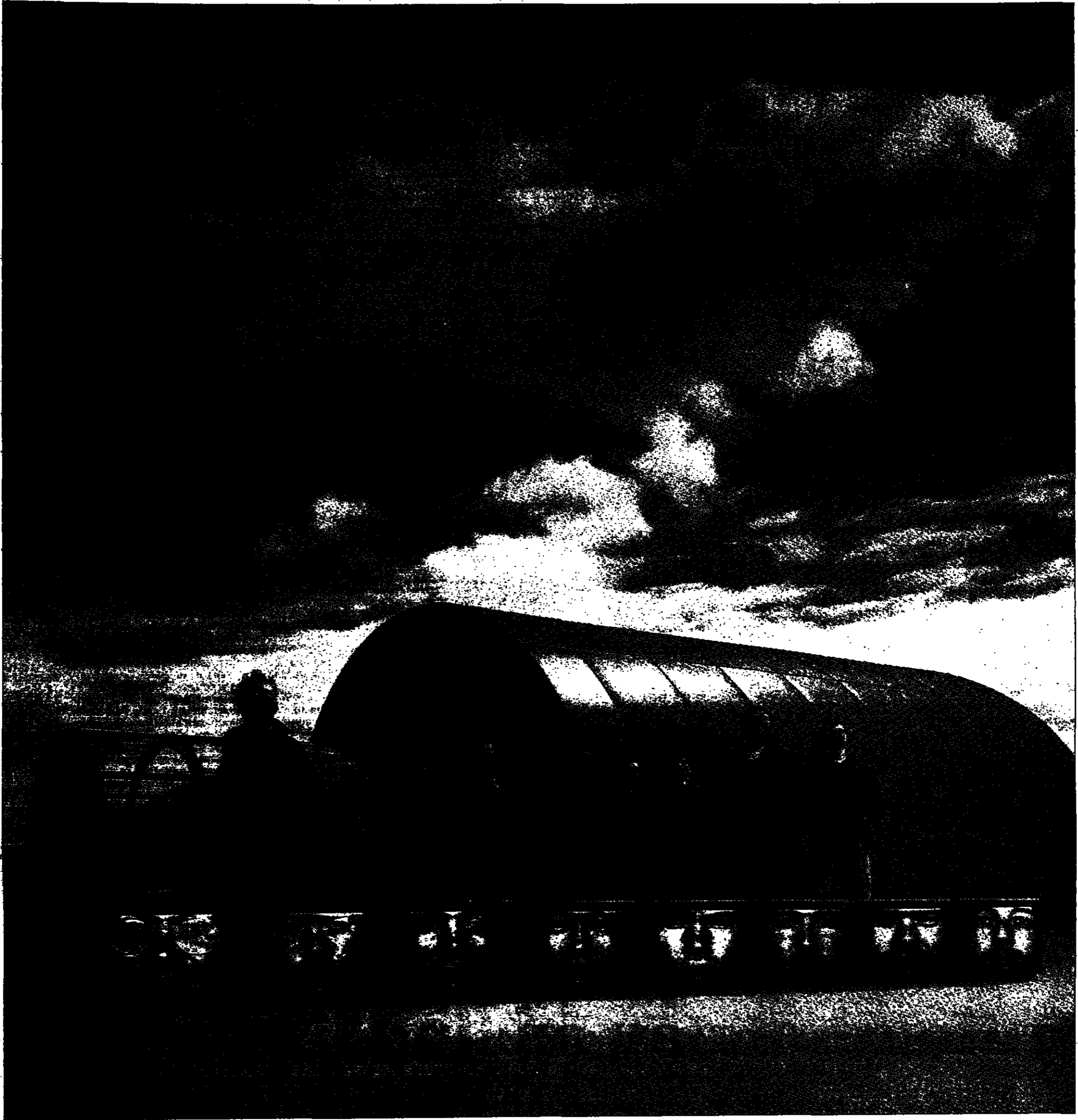
AMEX PRICES

Table of AMEX stock prices including columns for stock name, price, change, and volume.

Advertisement for 'Have your FT hand delivered in Belgium' with logo and contact information for Financial Times.

Continuation of NASDAQ National Market stock prices from the previous page.

In 1995, LG's annual sales grew 40% to over US\$64 billion.



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As a Senior Designer at LG Electronics Design-Tech, Matt must intimately understand the different aesthetics of each European country. And then translate that understanding into intelligently designed TVs, microwaves and other products. (Matt and his colleagues even helped design their company's Red Oak House headquarters.)

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MANAGEMENT

Germany's banks are being forced to shed their staid working practices, writes Andrew Fisher

A sharp break with tradition

It is about two hours by car from Deutsche Bank's imposing headquarters in Frankfurt to its direct banking subsidiary in a converted grain mill in Bonn. But the two are worlds apart.

The bank's twin-towered skyscraper is the traditional face of banking, with the atmosphere one of restraint, discretion and respectability. The former mill building contains its new direct bank, Bank 24, where staff are friendly, energetic and informal - characteristics not always associated with German banks.

Many Bank 24 staff work part-time and come from outside banking. They have shorter holidays than Deutsche Bank staff and a different pay scale. "Our people are young, with an average age of 27 and a strong service credo," says Thomas Holtrop, Bank 24's head of marketing.

Direct banking - with transactions carried out by telephone or computer - has still not really taken off in Germany. But banks have recognised that changing customer needs mean they have to provide this service for those wanting low costs and little or no advice.

Direct banking - with transactions carried out by telephone or computer - has still not really taken off in Germany. But banks have recognised that changing customer needs mean they have to provide this service for those wanting low costs and little or no advice.

At Dresdner Bank, for example, local managers no longer sit in their offices, away from the bustle outside. They are out in the front so they can see what is going on and keep staff on their toes.

Some private customer advisers hardly see an office at all. Deutsche Bank's Cologne branch, responsible for 103 local branches in the outlying area, has about 30 independent advisers who visit clients and are paid on a commission-only basis.

The aim of these and other changes is to put customers to the fore. For savers, borrowers and investors, this should increasingly mean faster, friendlier and often cheaper service - a big change from traditional retail banking practices.

Jobs are also disappearing, although not at the same rate as in the US or UK in recent years. Dresdner Bank has cut branch staff by 11 per cent in the past two-and-a-half years.

Thus staff are being put increasingly on their toes. In the past, service in German banks could often be indifferent, arrogant and slow.

At Dresdner Bank, for example, local managers no longer sit in their offices, away from the bustle outside. They are out in the front so they can see what is going on and keep staff on their toes.

But savers are becoming more sophisticated, although slowly, and companies are turning increasingly to the stock market or taking advantage of greater competition among banks to keep down borrowing costs.

Managers cannot just show off their status by withdrawing into their rooms whenever they please, but are right in the middle of customer activity.

Managers cannot just show off their status by withdrawing into their rooms whenever they please, but are right in the middle of customer activity.



How Germany's banking market is divided up

	No. of banks	% of total banking assets
Commercial banks	335	28
Big three	3	19
Regional	193	14
Foreign	72	1
Private	94	2
Savings bank sector	634	37
Co-operative banks	2,591	14
Mortgage banks	25	1
Others	15	2
Total	3,613	100

will demand better products, advice and service from banks. "This is very much a story about a supplier and his customer."

uring" of Vereinsbank's network as branches are sorted into small, service units and large flagship operations.

To improve service in its big Stuttgart branch, Dresdner has installed four separate retail customer units in its banking hall, while upstairs the better-heeled clients are given advice in elegant rooms decorated with modern art and potted plants.

Streamlining management hierarchies so private customer, corporate and other business is handled more effectively at local level. Lines of communication with head office are being shortened, mainly by cutting out regional centres.

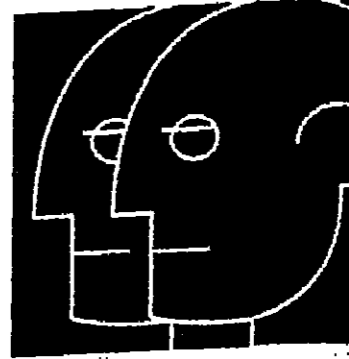
Deutsche Bank has taken out the middle layer of its branch network so that its 1,500 branches report to 18 regional offices; previously they reported to 100 intermediate offices which are now normal branches.

Dresdner's aim is to bring the cost/income ratio down to 60 per cent, with an interim goal of 65 per cent in two or three years.

Dresdner Bank has not formed a direct bank but is expected to do so. "The option is there," says Heinz-Jörg Platzeck, the bank's director with responsibility for retail banking.

Studies have shown that around 15 per cent of customers could be attracted to the convenience and low-cost services of direct banking.

Even so, banks want to be prepared for when electronic banking does penetrate the market. At the same time they are aware that many people still want the services of a branch.



PARTNERS

Toni & Guy

The Mascolo brothers, Toni, 54, Guy, 53, opened their first hairdressing salon, in south London, in 1963. When the company began to expand, they were joined by younger brothers Bruno, 43, and Anthony, 39. Toni & Guy now have 30 salons and nine hairdressing academies throughout the world. Their annual turnover is £22m.

Toni: "Anthony became a partner straight from school, at the age of 15. The only problem was his name. I'd changed mine from Giuseppe to Toni in the early 1960s and wanted Anthony to change his. My Dad, being a typical old-fashioned Italian, wouldn't hear of it, so we agreed to always use Anthony's full name."

From the very beginning I could see he was talented. He came on quick and strong and developed his own instinctive style. He was very aggressive, in the sense that he wasn't scared to take waist-length hair and clip it right to the skin with no fear whatsoever.

Bruno and Guy now live in America so I look after all the company finances. Anthony takes care of the image side of the salons, although he'll occasionally come to additors' meetings with me. I'll arrive in his office wherever Anthony will turn up on his Ducati, with greased-back hair and wearing a leather jacket.

"I'm older, but a lot of times I give in to him. When we opened the new academy in Covent Garden last year, Anthony wanted to spend an extra £50,000 which I didn't think was necessary. I let him have his way because it made him feel good. If you lose something to your brother in business it's not important."

There's a 15-year age gap between us so we think very differently. It's more like father and son than two brothers. I've learned an enormous amount from him and I'm still learning. He's more conservative and more disciplined than I am. I'm a bit wilder and madder.

Let that holiday feeling linger

For a brief moment at the beginning of last week I was refreshed, relaxed, enthusiastic, energetic. The feeling lasted a day and a half.



Lucy Kellaway

the hammock after lunch to think, rest or to read. Heaven.

If you travelled by air the above discussion of marvellous holidays does not apply; you may be feeling anything but relaxed and refreshed.

More worthy research last week on ageism from Roffey Park

I may have come down from my holiday high, but the creativity has not all dripped away. My enduring memory of the holiday was lying in a hammock reading.

SAMSUNG, SIEMENS & FUJITSU

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showing that companies which have fired all their oldies may one day live to regret it. As a result of making redundant everyone with more than a grey hair or two (ie all those who knew something about the business) there is now what the management institute politely refers to as a "knowledge gap".

More worthy research last week on ageism from Roffey Park

There's a 15-year age gap between us so we think very differently. It's more like father and son than two brothers. I've learned an enormous amount from him and I'm still learning. He's more conservative and more disciplined than I am. I'm a bit wilder and madder.

Fiona Lafferty

Handwritten note in Arabic script.

Large vertical advertisement on the right margin containing various logos and text, including 'CAMPUS' and 'CONFERENCE'.

سكنا من الاصل

BUSINESS EDUCATION

Students are working with academics to solve company problems, says Della Bradshaw

Western eyes look east

When the Berlin wall came down Czech aircraft manufacturers saw the market for its specialised military aircraft evaporate almost overnight...

ern-style operations it was not just the academics from the institute who contributed ideas. Unusually, students from the MBA programme also participated.



Jan Svejnar is still an economic adviser to Czech president Vaclav Havel. The centre is feeding its expertise through into executive education...

NEWS FROM CAMPUS

How to assess the assessments. One of the most difficult things for personnel directors to assess after managers have completed development courses is just how appropriate or cost-effective the training has been.

sponsorship to pay for the children and their families, from banks, airline companies and other organisations.

Old boys' network in place at Henley. All those who studied at Henley Management College now have an alumni association to keep them informed of what is going on at the school.

A healthy outlook for management. A one-week master class for health service professionals is being run in September by Manchester Business School.

MBA students turn to Mickey Mouse. There is more to studying for an MBA than the purely academic. Seven students on the MBA course at IMD, in Switzerland, have just arranged for six children suffering from life-threatening illnesses to visit DisneyWorld in Florida.

CONFERENCES & EXHIBITIONS

- SEPTEMBER 2-3 Frank Fabozzi/IMN - Second Annual Beneficial Owners' Summit on International Securities Lending. SEPTEMBER 12-13 UK Housing - the Next Millennium. SEPTEMBER 15-18 Basic Treasury Management. SEPTEMBER 17 Performers' Tax and Finance. SEPTEMBER 25 Managing Mobility - Latest trends in international employment. SEPTEMBER 27-28 Retail and Wholesale Banking Seminar. OCTOBER 18 & 19 Developing the New IT Scorecard. OCTOBER 20 - NOVEMBER 1 Retail and Wholesale Banking Seminar. OCTOBER 21-22 Utility Week - IT in Utilities Congress. OCTOBER 22-23 Business Performance Measurement. OCTOBER 24 & 25 FT TECHNOLOGY IN RETAILING. NOVEMBER 4 FT LIMITING PROFESSIONAL LIABILITY. NOVEMBER 11 Better Out Than In? The limits of OUTSOURCING. NOVEMBER 17-18 FT World Pulp and Paper. NOVEMBER 27-28 Bank Financial Management International Seminar. SEPTEMBER 2-5 Fire International 96 Exhibition. SEPTEMBER 10 Profit Related Pay - The Guide to Designing and Implementing Successful Schemes. SEPTEMBER 10-11 Intranets and Network Computers: Shaping the enterprise IT infrastructure. SEPTEMBER 11-12 Integrated Call Centre. SEPTEMBER 13 Applying Integrated Call Centre Technology. SEPTEMBER 11-13 Introduction to Foreign Exchange and Money Markets.

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SPORT



Karel Poborsky of Manchester United; Gianluca Vialli of Chelsea; Fabrizio Ravanelli of Middlesbrough; and Jordi Cruyff of Manchester United

Send on the funny guys

English soccer's wealth and drawing power won't last, warns Simon Kuper

It is too good to last. Second-rank English soccer clubs such as Chelsea, Middlesbrough and Newcastle will not field large numbers of the world's best players for ever. So it may be worth going to every match you can when the English Premiership's new season starts on Saturday, because the world's best will soon be signing for Italian, Spanish and sometimes German teams again.

Of course, the imports will help pack English stadiums. This is not solely thanks to their footballing skills. Many of them look very odd. Gianluca Vialli, now of Chelsea, has a shaven head. Fabrizio Ravanelli at Middlesbrough has white hair. Karel Poborsky, Manchester United's new Czech, has hair of the long, unwashed variety normally seen only on the third day of an indie music festival.

Often cursed that he was Rembrandt's son. Cynics might say English managers have signed freakish looking players chiefly to gull child fans into buying replica shirts. After all, a cool guy like Vialli sticks in the mind in a way that his normal looking team-mate Roberto di Matteo does not.

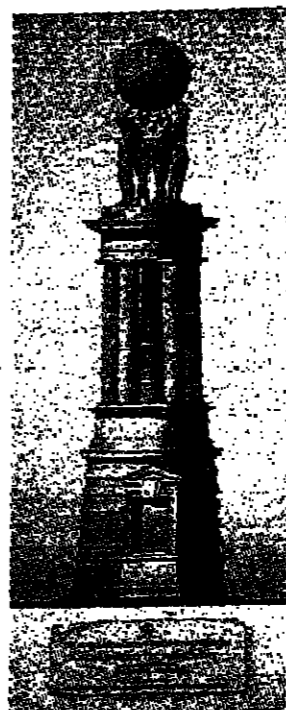
What Euro 96 did have was tight defences. Almost nobody scored. If you bunch the middle with three centre-backs and a defensive midfielder who stick to their opponents even when the opponents try dastardly tricks, such as running off the ball, it is hard to concede goals.

England, under Europhile Terry Venables, sealed up the back most of the time, although horrible mistakes by Gareth Southgate and Pearce gave away goals against Switzerland and Germany. The great test for Liverpool, Manchester United and Newcastle in Europe this season will come in defence.

Colin Amery - Architecture

Atlanta emulates St Petersburg

When the possibility of a permanent monument to the recent centennial Olympic Games in Atlanta was first discussed, a prominent Atlantan wondered if that meant his city could become "just like Paris". His reaction was the right one.



The sun-belt city's prospective monument

Until now, Atlanta's architecture has mainly reflected the rapid growth of a sun-belt city. There is no particular quality in evidence for all its recent international exposure. Atlanta is not yet a city where developers have insisted on employing world-famous architects.

with him some of the understanding of monuments so evident in St Petersburg. After all, the monument to Peter the Great by Falconet (1776) with its prancing horse rising out of a huge natural rocky base, is one of the most effective and timeless monuments to a founder of a nation.

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THE WEEK AHEAD

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- TODAY Abbey Natl Treasury Svs 6% Gtd Nts '99 £90 British Steel 7p BT Fin SV 8 3/4% Bds '99 US\$437.50 Do 8.765% Bds 2009 US\$438.25 Chubu Elect Power 6 3/4% '99 £87.50 Cohen (A) 9p Do A 9p Electrocomponents 4.6p Flash Series Secd ETA FRN '97 Y250606 Heath (Samuel) 4p Kobe 8 7/8% '99 US\$443.75 Ladbroke 8 3/4% '03 £443.75 Mazda Motor 5.1% Bds 2000 Y10000 Do FRN's 2000 Y25682 Nomura Int'l FRN's '04 US\$194.19 Northern Elect 27.9p Shelton (Martin) 3p Shikoku Elect 6 1/4% Bds '03 US\$62.50 Sterling Inds 5.7p Victorian Public Fin 9% Bds '99 £96.25 Whitecroft 3.25p Do 5.1% Pref 2.55p

- Durban Rodepoort Conv 8% Prefd R1.44 Kuala Lumpur Bhd Int M\$0.0333 Latham (James) 4p Matheson Lloyd's Inv Tst 2p Nordic Inv Bank 7.75% '98 £77.50 Phoenix Timber 0.2p TLG 2.9p WEDNESDAY August 14 Albion 0.8p Carlton Comms 7 1/4% Conv Bds '07 £187.50 CML Microsystems 6.1p Colonial Fin Sub FRN's '05 US\$297.80 De La Rue 16.5p Hawtill Whiting 2.5p Hornby 5.5p Mansfield Brewery 4.2p Marsh & McLannan US\$0.80 Sanyo Elect FRN's '97 Y110891 Tamaris 0.051482 UMECO 3p Vesper Thornycroft 16.7p THURSDAY August 15 Abbot Labs US\$0.24 Anglo Am Inv Tst 6% Gross Pref R0.06 Assoc Nursing Svs 2.45p Barrac 0.4 Brookhampton 2.1p Do A 2.1p

- Century Inns 1.25p City Mrtg Rec 1 Mrtgage-bkcd FRN's '23 £48.90 Colgate-Palmolive US\$1 US\$0.47 Court Cavendish 3.52p Fishguard Rail 3 1/2% (2.45% net) Pref 1.225p Housing Fin Agency 8 3/4% '18 IR£4.375 Independent Parts 4p Sarwa Bank Can Fixed/FRN's '05 US\$1533.33 Scottish Met Prop 1.1p Sears 7 3/4% Uns 92/97 Somic 1.75p SONAR 1 A Mrtgage-bkcd FRN's '21 £142.30 Do B Mrtgage-bkcd FRN's '21 £182.87 Do C Mrtgage-bkcd FRN's '21 £204.23 Tanjong M\$0.128 Universal Salvage 3.55p Willoughby's Cons 1p Do Prefd 1p FRIDAY August 16 Brit Funds 2 1/2% IL £2.1117 BTP 7.35p Burtonwood Brewery 4.65p Cropper (James) 2.5p CS First Boston 7.375% '01 FF737.50 Drive Secs A FRN's '96 £163.48

- Do Mezzanine FRN's '96 £183.37 Evans of Leeds 2.12p Forte 10 1/2% Mort Deb '18 £5 French 1.5p Glass (David) 2p Friendly Hols 3.5p Hunters Arniey 1.5p Metrotec Ints 0.35p Microgen 2.4p M & W 1.25p NatWest Bank Prim Cptl FRN's B US\$268.58 Do VRON's '08 US\$152.06 Nippon Credit Fin NV Fxd/FRN's '04 US\$2818.47 Prudential 7 3/4% Bds '05 US\$71.25 Ramsden's (Harry) 1p Scapa 4.89p Scottish Met Prpty 1.1p Sheriff 2.35p 600 Grp 3.25p SKOPBANK-Finnish B Und Sub VRN's US\$162.92State Bank NSW 11 3/4% Bds '01 A\$117.50 Do Extdble FRN's US\$268.58 SATURDAY August 17 Peabody Donation 10.25% Secd '23 £5.125 SUNDAY August 18 Hambros Insurance 3.7p Ulysses Sec 7.625% Asst Bkcd Bds '06 IR£5.0833p

UK COMPANIES

- TODAY COMPANY MEETINGS: Aberdeen Steak Houses, Coventry House, 21 Coventry Street, W., 10.00 Heath (Samuel), Leopold Street, Birmingham, 12.00 Peconics, Stonecutter Court, 1 Stonecutter Street, E.C., 10.30 TBI, Marriott Hotel, Mill Lane, Cardiff, 12.00 Warnford Investments, Chartered Insurance Institute, 20 Aldermanbury, E.C., 12.00 BOARD MEETINGS: Finals: Australian Opp Inv Trust US Smaller Co's Inv Trust Interims: BPP London Finance & Inv Smith & Nephew WPP

- Mansfield Civic Centre, Chesterfield Road, Mansfield, Nottinghamshire, 12.00 New London Capital, Fountain House, 130 Finchurch Street, E.C., 10.00 Safeland, 144 Great North Way, Hendon, N.W., 3.30 BOARD MEETINGS: Finals: Frico VDC Interims: BOC General Accident General Cable Sedgwick WEDNESDAY August 14 COMPANY MEETINGS: Bolton Int'l, 62 Threadneedle Street, E.C., 10.00 Lusty (John), The Registry, Royal Mint Court, E.C., 10.00 Mountview Estates, New Connaught Rooms, Great Queen Street, W.C., 11.30 Schroder UK Growth Tst, 33 Gutter Lane, E.C., 3.00 600 Group, 600 Centre, Shephard, Loughborough,

- Leicestershire, 12.00 Somic, Barrie Hall, Lea Lane, Barrie, Preston, 12.00 Wisshaw, The Brewery, Chiswell Street, E.C., 11.30 BOARD MEETINGS: Finals: Celtic Dunedin Japan Inv Trust Interims: F&C Income Growth Inv Trust Glywedd Int'l Henningsway Properties Independent Insurance Jupiter Geared Cap & Inc MAID Telegraph THURSDAY August 15 COMPANY MEETINGS: Burtonwood Brewery, Rake Hall Road, Rake Lane, Little Stanley, Chester, 12.00 St James Beach Hotels, 24 Chiswell Street, E.C., 11.00 Tom Cobleigh, Riverside Farm, Shipton Road, Skepton, York, 12.00 Yates Brothers Wine Lodges, Moat House Hotel, 1 Higher Bridge Street, Bolton, Manchester, 9.15 BOARD MEETINGS: Finals: Kleinwort High Income Life Sciences Opp Tst

- Interims: Clarke (T) Ericsson (LM) Fleming Income Ladbroke MacLellan Liteshield Microtec North Midland Construction Portmerion Potteries Rea Brothers FRIDAY August 16 COMPANY MEETINGS: Azian, 1 Finsbury Avenue, E.C., 10.00 Foster (John), Black Dyke Mills, Queensbury, Bradford, 10.30 Fuller, Smith & Turner, Griffin Brewery, Chiswick Lane South, Chiswick, 11.00 Thorn EM, London Marriott Hotel, Grosvenor Square, W., 10.30 Company meetings are annual general meetings unless otherwise stated. Please note: Reports and accounts are not normally available until approximately six weeks after the board meeting to approve the preliminary results.

صوتنا من الامم

BUSINESS TRAVEL

Travel News • Roger Bray

Fares set to fall

Air fares in Europe will fall in real terms over the next five years. Despite pressure on airport and airspace capacity, the Brussels-based Association of European Airlines believes the downward trend in the average price per kilometre, which started a decade ago with moves towards airline deregulation, will continue. Competition, it says, will keep forcing airlines to attack costs. Between 1986 and 1990, fares fell by an average of 3 per cent a year on intra-European routes, after inflation was allowed

for. Since then, the annual reduction has been 2.7 per cent. Between now and the turn of the century the real rate of decline is expected to slow to 2.3 per cent. The association's 26 members, which include Air France, Lufthansa, KLM and British Airways, is forecasting an annual average increase of 6.4 per cent in passenger traffic on routes within Europe during the same period.

More destinations
United Airlines plans a huge expansion of its

no-frills Shuttle operation on the US west coast. At the end of October it will start flying from San Francisco to six more cities, increasing its daily departures from 364 to 410. The operation was developed by the carrier's employees. It offers single fares as low as \$25 (£16) on flights between 12 west coast cities.

Gridlock working
Guests at the newly renovated Regent Bangkok need no longer sit and fume at the city's gridlocked traffic. The hotel has introduced a fleet of 19 Mercedes-Benz limos which

double as mobile offices. Clients may use a video, computer, fax, tape recorder or telephone, or watch TV. Travellers may even order room services from the car, so that food and drink arrives minutes after check-in.

Smoke-free zone
Whether or not they smell or inhale other people's smoke, many air passengers object to cigarettes in principle. That is the conclusion to be drawn from a two-week trial by German carrier Airnburg Airways, during which it offered customers free smokeless and odorless

cigarettes. An overwhelming majority was not in the least bothered by them. But 7 per cent still objected. The airline also found that on flights up to two hours, even heavy smokers were prepared to forego lighting up.

The price of air
Harassed or jetlagged travellers to Toronto can now sharpen their wits with a lungful of pure oxygen. What is claimed to be Canada's first "oxygen bar" has opened there on Yonge Street. Taking its cue from Japan, where the idea is already established, the 02

Spa Bar claims a 20-minute session will increase energy, stamina and mental alertness. It costs C\$16 (\$7.50) a time.

Ride to destiny
While drivers of London's black taxis learn the capital's geography through an exhaustive process called "doing the knowledge", it seems their counterparts in Mexico City leave it to fate. A letter to Executive Travel magazine quotes the following message in English on a voucher, purchased to cover the ride into town from the airport: "Only four persons - one destiny."

Likely weather in the leading business centres

Table with columns for city, Mon, Tue, Wed, Thu, Fri, Sat. Cities include Tokyo, Hong Kong, London, Frankfurt, New York, L. Angeles, Milan, Paris, Zurich.

BEIRUT DAMASCUS Amman 0345 320100

Amon Cohen samples the different styles of two new small airlines' services to Amsterdam

When executives go Dutch

World Airlines and easyJet are both new, small British airlines in dispute with KLM. Both have complained to the European Commission that the Dutch flag-carrier is abusing its dominant position in the London-Amsterdam air market, not least through predatory pricing. In addition, easyJet has issued a writ against KLM. Although they are united on this front, the two carriers could hardly offer a more polarised style of service, as I discovered when I flew from London to Amsterdam recently with World and travelled back with easyJet. One of the main differences between them is their choice of London airports. Both use Amsterdam's Schiphol, but World, a one-route airline, chooses to fly from London City airport, whereas easyJet flies from its home at Luton airport. On the day that I sampled the service of World, Ian Gibson, UK chief executive of motor maker Nissan, was enjoying a rare treat: a trip in business class. Gibson was one of four other passengers in business class, savouring a free upgrade secured for him by Nissan's travel agency. In spite of his rank and the fact that he flies up to 200 times a year, Gibson is subject to the same egalitarian travel policy as all Nissan employees in the UK: all flights are economy class

except for long-haul travel, when business class is allowed if the return journey is within a week. The flight to Amsterdam was the luxurious leg of my journey. World prides itself on pampering its passengers, even though its Bae 146-200 aircraft are in the air for only 60 minutes. Selling points include luxury leather seats with a generous 33in pitch, sumptuous food, vintage wines, and a wide array of free magazines. A return flight with World can cost anywhere between £87 in economy (for a heavily restricted fare) and £290 in business. World also offers business-class passengers a free night in an Amsterdam hotel. A return with easyJet, a cheap but relentlessly cheerful low-cost operation, is priced at between £70 and £130. This was Gibson's second flight with World, and he was impressed. "I am flabbergasted by the service. It is not what you expect on short-haul," he said, having tucked into a breakfast of smoked haddock omelette, asparagus, potatoes sauteed with rosemary, grilled tomatoes, fresh orange juice, melon, rolls and croissants. The aircraft itself also won top marks: the 146 is quiet, comfortable and spotless. Gibson, based in Sunder-



land, was on the flight because he had spent the previous night in London and had just attended an early morning meeting in the City of London. From there, he was hopping over to Amsterdam for another meeting and intended to fly home to Newcastle airport that same evening. It was because of this itinerary, and not the cossetting that he was aboard the World flight. "The things that I need are convenience of location, schedule and flexibility in that order," he said. London City was therefore the obvious choice following his appointment earlier that morning. The airport, not the airline, was also why Amsterdam-based Ronald Ouwens was aboard. Ouwens is financial controller of loss adjusters Cunningham Europe, and had been attending a meeting in London at the Tower Hill head office of Hambros, its parent company. He was impressed with the service and said he would never fly with an airline such as easyJet. "Low-cost travel is not for business purposes," he said. "Once you have bought a ticket, you cannot change it." But on the easyJet flight, Jan Van der Velden, a compatriot of Ouwens, said he

London to Amsterdam: a comparison

Table comparing World Airlines and EasyJet services. Columns include UK departure airport, Number of return flights per week, Price (return, economy/business), Aircraft fleet, Age of fleet, Catering, Other routes.

conveniently placed for the many clients he has in the Midlands. Flying with easyJet costs him £199 (£36) one way, whereas he says a return fare with a more established airline to Birmingham would set him back £180-£190. Van der Helden was perfectly happy with easyJet's inflight service where you certainly don't get what you don't pay for. The interior of the 17-year-old Boeing 737-300 was marked and scuffed and the carpets were threadbare, while catering consisted of a trolley selling drinks and a few snacks. The trolley was pushed by extremely youthful cabin staff wearing orange polo shirts and black jeans. For 70 minutes, though, it was perfectly bearable. "It is like a bus. You just hop on and hop off," said Van der Helden. "The crew wear jeans but they are not sloppy. They are at least as safety-conscious as other airlines." Furthermore, the flight, which had about 50 passengers on board - of whom approximately 15 were business travellers, judged by a count of suits - took off and arrived on time, while the ticketless

check-in only took about 30 seconds. Another passenger on easyJet, Martin Leith, had several grievances from earlier flights. Among them were waiting a long time for the catering trolley, lengthy check-in queues and a hatred of Luton. Leith admitted that this last gripe was mainly founded on prejudice but it was also partly based on his lack of confidence in the shuttle to the train station, which theoretically runs every 15 minutes and takes 10 minutes to journey through the town's unappetising streets. Matters will be improved next year, when a new station will open much closer to the airport. Even without that improvement, however, the Luton airport transfer seems perfectly acceptable because it is a very short journey from the aircraft to the arrivals lounge. It took me about 70 minutes from leaving the aircraft to reaching London St Pancras railway station, which I reckon is just as fast, if not quicker, than travelling to central London from Heathrow. In any case, as Leith admits, easyJet's good points outweigh any bad ones. With easyJet, cheap fares are clearly an important factor, although airport location matters equally for business travellers on both airlines.

Safety in the bag

Bristol airport, in the UK's west country, looks like heading many of its busier European rivals with the introduction of 100 per cent baggage screening. Roger Bray writes. Security experts complain that some governments have been speedier than others in ordering the internationally agreed crackdown. The UK has decreed that, by the end of the year, arrangements must be in place to screen all bags checked on international flights from UK airports, as well as carry-on bags. Bristol handles only about 1.5m passengers a year. Its x-ray system should be in action from October 1. British Airways wants to resume flights to Peru after more than a decade of absence, according to Carlo Perez, the airline's representative in Lima. BA plans to expand its routes to the South American country between 1997 and 1998 after evaluating how the Peruvian market responds to its recent alliance with Aero-Peru. BA hopes the pact will permit it to transport some 400 passengers a day between Lima and London via Miami, Perez said.

Advertisement for American Express. Features a black and white photo of Salvador Dali etching. Text includes: 'THE AMERICAN EXPRESS', 'Salvador Dali etching you purchased a year ago in Italy was never shipped to you, I would've tried to get this lovely picture of...er...whatever, to you sooner' SERVICE. Includes a small image of an American Express card and the slogan 'THERE IS ONLY ONE AMERICAN EXPRESS.'

صكيا من الامان

صحنه من الراحل

ARTS

OPENINGS

EDINBURGH Robert Wilson's staging of Virginia Woolf's Orlando opens at the Royal Lyceum Theatre tomorrow...



DUBLIN The New York Philharmonic Orchestra, conducted by Kurt Masur (above), begins its European tour on Thursday at the National Concert Hall...

LUCERNE Matthias Bamert, (right) Intendant of Switzerland's premier festival, has come up with another imaginative programme idea...

INNSBRUCK The programme of this year's baroque music festival is headed by Pietro Antonio Cesti's little-known opera L'Argia...



ROTTERDAM The Boijmans Van Beuningen Museum is one of several European galleries marking the tercentenary of the 18th century Venetian painter Giovanni Battista Tiepolo (above)...

One thing has become clear after this summer's movie blockbusters. The world will not end with a bang nor a whimper...



Iconic responsibility: Arnold Schwarzenegger in the latest action extravaganza 'Eraser'

For optimists Twister, Independence Day, Mission: Impossible and Arnold Schwarzenegger's latest vehicle, Eraser, have brought some good news and some better...

Blown away by Hollywood

Nigel Andrews on the explosive pros and cons of the summer blockbusters

This science-fiction epic is a shameless, almost freely confessed numbers game in which the lead characters are countdown callers at a potential Armageddon...

the larger and more cosmic, the destruction impetus represented, the more it tends to begot a human opposition consisting of beleaguered ciphers delivering down-the-line, B-movie dialogue.

Things you can relate to. There has to be a theme and characters you can relate to.

Yet the \$70m Twister, unlike the \$20m Speed, treats its audience with almost scurrilous contempt. It parades its cardboard, stereotypical characters through a plot as far-fetched and physically sensationalist as any large-screen rollercoaster in history.

likewise, is about us cowering in our seats at the wall-to-wall, floor-to-ceiling shadows cast by the alien ships; Messrs Smith, Pullman and Quaid are merely incidental. And Mission: Impossible and Eraser also privilege the audience as the main dramatis personae...

Past disaster movies and densely populated action films solved this problem by filling their casts with stars. This way, although the dialogue may not have been Flaubertian, at least there was Charlton Heston, Paul Newman or Ava Gardner bringing their own medium-rich brand of idiomatic infill.

In 1988, they knew no more than I what the future held. Indeed - and here is surely the moral about cinema and its venal, mischievous serendipity - their admonitions about good and bad movie-making wryly and inadvertently demonstrated the very shortcomings that their succeeding superhits would expose.

"They have paid their \$8, they must be given something they can take seriously," he said. And

Probably that present-day audiences don't want characters or don't need them if the effects are big and snazzy enough, and that film-makers too give up on characterisation if they are convinced that computer-enhanced cataclysms can carry the day.

So the thin line between feature film and fun park becomes thinner with each Hollywood summer. We should not necessarily mourn the trend. "Characters", "themes" and "heart" can all be found in other smaller movies...

The poverty of characterisation is more distressing, certainly more obtrusive, in Twister. This tries ill-advisedly to match its tornadoes with "real" and ruggedly weather-beaten human beings. But the humans here are truly beaten by the weather. The standardised characters with their standardised crises - divorce, jealousy, career ambition - are blown off the screen by special-effect hurricanes that we are far more ready to believe have their own minds, wills and passions.

"There's always an audience for good sci-fi pictures," averred Emmerich, who had just made the characteristic, low-budget space fantasy Stargate. "But they must come from the heart. The fans come to these films because they want an 'event', they want to get into another world. But it has to be original. There have to be enough emotional, personal

analysing the success of his first film Speed, that modestly made master-thriller about a runaway bus: "Everything should be real. The people on the bus are people you believed could be on the bus. If you were to put Bruce Willis on, you wouldn't believe it. I took away as much that was violent or far-fetched as I could."

Perhaps too, though peering further into the smoke and mayhem and last-trump pyrotechnics, there is another dimension. In the unmediated laying-on of hands that is the modern Hollywood action spectacle the audience itself is the "character". The story of Twister is not about a group of stick figures being blown around Kansas by poor weather, it is about us being blown around by special-effects meteorology.

So the thin line between feature film and fun park becomes thinner with each Hollywood summer. We should not necessarily mourn the trend. "Characters", "themes" and "heart" can all be found in other smaller movies. But we should at least make ourselves aware, and wary, of the trend. A film is a film, and a fairground ride is a fairground ride, even though both are now available at your local cinema.

Today, most expensive action films cannot afford big stars

Theatre Musical milestone

The place of The Fantasticks in musical history is secure and gets more secure by the day. It opened off Broadway in the Sullivan Street Playhouse in 1960 and never closed. But The Fantasticks must have more than curiosity appeal to make it the longest-running musical in the world...

And should not be resisted. What a world was lost with the coming of the "me" generation and the sexual revolution of the 1960s. Like its near-contemporary Seaside Days, The Fantasticks belongs to an age when charm and whimsy were still regarded as entertaining.

The Fantasticks is made even more irredeemably twee by being based on a play, Les Romanesques, by the French romantic versifier Rostand. It is superbly soppy and wonderfully wet.

This can cause problems for the cast - how do you resist winking at the audience? Jonathan Morris (yes, the Bread man) as El Gallo, the worldly match-maker, almost crosses the bar with a performance of effortless egotism, but Joseph Millson, as the enthralled youth Matt, is commendably whole-hearted, even when wooing a feisty Luisa in which Katy Crawford Kastin veers closer to Violet Elisabeth Bitt than a breathless 16 year old. Their great duet "They Were You" could have been a happier experience.

But you must leave your critical baggage at the bar, surrender to the dreamy sentiments of the celebrated opening song "Try To Remember", and drift through two hours of fairy-tale enchantment.

Michael Cottrell as a Shakespearean ham and Kim Joyce as his sidelong specialising in death scenes provide some much needed comic low-life, and just to ensure you return for the second half there is the clever conceit of the happy ending arriving with the interval.

Dan Crawford provides a light directorial touch to a basically bare stage, and although El Gallo's departing moral "You Must Keep the Wall" is baffling, there is no escaping the pleasure in experiencing the musiest of musical meringues even in this under-cooked form.

Antony Thorncroft

At the King's Head, N1, until September 1.

INTERNATIONAL ARTS GUIDE

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FINANCIAL TIMES

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Monday August 12 1996

Dole's grand old mess

Bob Dole's choice of Jack Kemp as his vice-presidential running mate has breathed new hope into a seemingly hopeless campaign...

Republicans around today who could bridge the party's divides as effectively as Ronald Reagan. But as a poor campaigner...

Bad judgment. The 1994 Contract with America had contained something for everyone. As a result, each group thought that it had won the November congressional elections...

Regulating Nasdaq

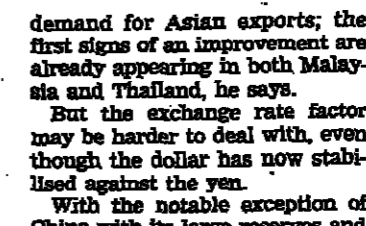
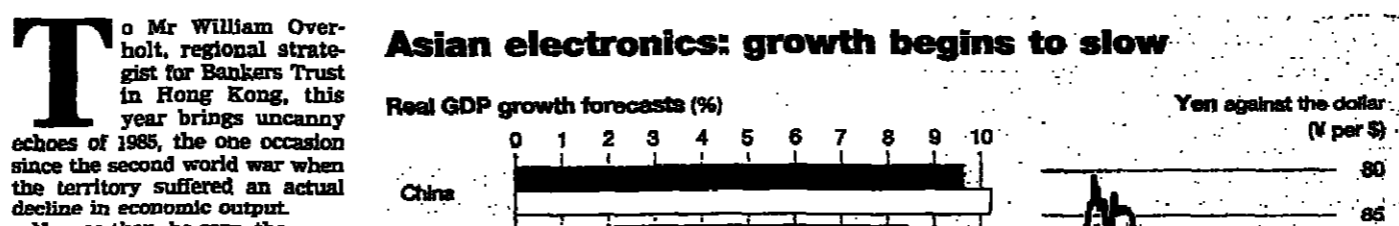
America's Nasdaq stock market is justifiably proud of its record as a lightly regulated forum for young, fast-growing businesses...

But another party comes out of this affair with distinction. It does not say much for the SEC's investigatory zeal that the inquiry into Nasdaq appears to have been prompted in large part by an academic paper...

Reform plan. The litany of wrongdoing accompanied an SEC announcement that it had reached a settlement of its complaint with the NASD...

The SEC move is to be welcomed. The actions of which NASD members stand accused (the association neither admits nor denies the findings) are reprehensible...

Tigers pause for breath. Adverse currency movements and faltering demand for electrical goods are upsetting the region's prospects, says Peter Montagnon



Mr William Overholt, regional strategist for Bankers Trust in Hong Kong, this year brings uncanny echoes of 1985, the one occasion since the second world war when the territory suffered an actual decline in economic output...

With no such rescue in sight this year, a combination of adverse currency movements and weak demand in the industrialised world, particularly for electronic goods, continues to upset Asia's export prospects...

Steep falls of about a percentage point or in some cases even more, are expected in the growth rates of a long list of countries, including China, Thailand, Malaysia, South Korea and Singapore...

Across the region, the strains are starting to show. One sign of trouble was the recent attack on the baht which forced the Bank of Thailand to spend well over \$1bn defending its currency...

How expectations of Asia's exports are changing (\$bn). Bar chart comparing July 1996 forecast, Jan 1996 forecast, and 1995 actual for Singapore, China, Thailand, Indonesia, Malaysia, Taiwan, S Korea, and Hong Kong.



Survey of leading private-sector forecasts. Figures are mean of all forecasts surveyed. Includes re-exports. Source: Consensus Economics.

China has started cutting their dollar prices again, now the exchange rate movement has allowed them to rebuild their margins, says Mr David Semple, of Peregrine Securities, in Hong Kong...

Experience shows that a rise in the real exchange rate feeds through quickly to exports, adds Mr Ng Bok Eng, regional economist at Deutsche Morgan Grenfell in Singapore.

For South Korea, whose exports of cars and finished electronics compete head on with those of Japan, this has been a particular blow. Japanese companies have lost interest in the region...

Like other economists, he says weak demand in the industrial market has been an important factor in curbing Asian export growth. Import growth in the G7 group of leading industrial countries contracted to 2 per cent in March from 19 per cent in the middle of last year...

Labour productivity has failed to keep up with wage costs, especially in Malaysia where wages rose three times faster than productivity last year. But Mr Saker reckons that overall south-east Asian productivity continues to rise. Otherwise multinationals would have lost interest in the region.

Thailand's resulting troubles are well documented, though the Philippines has bucked the general trend with an underlying rise in manufactured exports as more foreign companies set up production plants there.

With the notable exception of China with its large reserves and current account surplus, most Asian countries cannot easily afford the uncertainty which would flow from allowing their currencies to depreciate.

"If you change the currency regime, it makes the foreign exchange markets nervous," says Mr Semple of Peregrine. Indonesia, Thailand and Malaysia all have large balances of payments deficits which must be financed by capital inflows...

A focus on structural problems, export weakness has again focused attention on whether Malaysia and Thailand have the capacity to move into more sophisticated higher-value manufacturing. Hong Kong used to make its money from blue jeans. Now it invests in the region...

Thailand and Malaysia are not quite at the big end of technology, and they don't have the skilled labour. Nor do they have the cost advantage Indonesia has," says Mr Saker. "They're at the beginning stages which will be difficult to manage. They should be more aggressive in opening up their labour markets to foreigners."

A more important lesson from this year's experience may be a broader one for all the industrialised nations. Regional trade, which is heavily oriented towards exchanges of industrial inputs, creates a gearing effect which only makes life more painful when global demand falters.

Purchasing power is rising in Asia, but it's nowhere near the levels of the west. The west is the ultimate buyer of what Asia produces," says Mr Ng. Sadly for the region's factories, that means success still depends on the production of goods that meet the whims of western buyers at prices they are prepared to pay.

OBSERVER

Corridors of silence

The moral of "more haste, less speed" is to be heard in Canberra, Australia's new federal government's silence over key appointments is becoming deafening.

For a start, there is the question of who will succeed Bernie Fraser as governor of the Reserve Bank of Australia, the central monetary authority. Fraser is due to step down on September 17, at the end of his seven-year term.

To date, the most serious rumour has been made by Ian MacFarlane, one of the two existing deputy governors, although some suspect that the government will want to go outside the bank itself. But no white smoke signals have yet been spotted in Canberra.

Striking gold

Many Olympic gold medal boxers turn professional after their successes at the Games. But Somluck Kamsing, the first Thai ever to bring home the gold, is proving ever more fortunate. In the best Thai tradition of ensuring fame and money go together, the self-described "poor country boy" is all of a sudden swimming in a sea of cash.

The Sports Authority of Thailand and the Olympic Committee of Thailand are each pitching in B2m (\$120,000), plus a monthly stipend of B10,000 for the next 25 years.

The Browns chain - offering good, essentially British grub at a decent price - makes a point of eschewing the trendy. With "only" 348 seats in the law courts, the new outlet cannot be considered at the cutting edge of the 1990s mega-restaurant.

50 years ago

Imports of Russian platinum. It was learned in London yesterday that Russian platinum is being imported into Britain and sold again to United States speculators. London dealers concerned are reluctant to disclose the quantity involved or the price at which it was exported to America, but it is understood that only a limited amount has changed hands at up to \$80 an ounce. The producers' price in America is still quoted at \$67 to \$70 per fine ounce, which is about on a parity with the London quotation of £17 per troy ounce.

Sin and click

So the Internet is not the solution to everything, after all. A Cologne-based outfit called the Lazarus Society has been marketing a handy little disc entitled Confession by Computer. Users can try to match up their particular misdeed with a list of 200 possible sins - and the black box will think up a suitable form of penance. An Our Father, or a Hail Mary, may issue forth from the machine (if you have the equipment) and you may be pointed in the direction of a priest to contact in cyberspace.

Source: Reuters

Welcome to the heart of London. Radisson EDWARDIAN

FINANCIAL TIMES

Monday August 12 1996

Shepherd DESIGN, MANAGEMENT, CONSTRUCTION & ENGINEERING

Former Sumitomo trader profited while others slept

When Mr Yasuo Hamanaka, the former head of copper trading at Sumitomo Corporation...



Yasuo Hamanaka, blamed by Sumitomo for losses of \$1.5bn, was said to be devoted to his role as the company's chief trader

ity of the Griffin's hostesses who sat beside him, pouring the drinks. Mr Hamanaka went out most nights to two or three bars, taking along brokers who courted him for his orders...

Mr Ashley Levett, a founder of Winchester Commodities, which handled many of Sumitomo's trades on the London Metal Exchange, recalled being entertained in Tokyo bars by Mr Hamanaka.

lunch meetings he drank watered-down whisky without eating. "This is all I need," Mr Hamanaka once told traders at lunch...

Diamond 'leaks' threaten De Beers deal with Russia

By Kenneth Gooding in London

The relationship between Russia and the diamond cartel organised by De Beers of South Africa is being jeopardised again by a big jump in the value of rough or uncut diamonds 'leaking' to the market from Russia and bypassing De Beers's Central Selling Organisation.

reported for the first half of 1995, plus a healthy dividend increase. Before the rise in unofficial Russian exports, the diamond market was fast regaining confidence. De Beers reported that its diamond sales had risen by 8.3 per cent in the first half to a record \$2.745bn.

tion veto, President Boris Yeltsin sent back to the Russian parliament a bill that would have begun dismantling state control of the diamond sector.

Turkey set to sign Iran gas accord

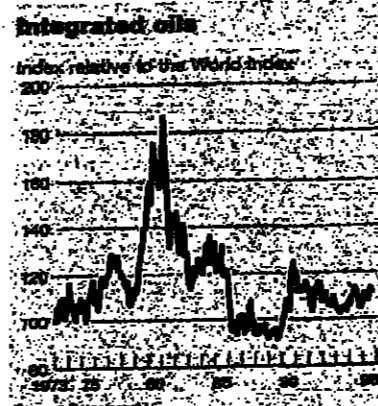
Continued from Page 1

historically poor relations with Syria "should be solved as soon as possible". Syria disputes Turkey's rights to the waters of the Tigris and Euphrates while Ankara accuses it of supporting the PKK.

THE LEX COLUMN

Oiling the wheels

Imagine a huge, low-growth industry scrabbling to improve returns. Imagine, too, that in many parts of this industry there are powerful economic scales. It sounds an investment banker's dream rich pickings for break-ups and mergers.



Integrated oil prices: index relative to the world index

Take break-ups first. Certainly the old arguments for oil companies' "vertically-integrated" structures look tired. They get oil out of the ground, refine it and either sell it as petrol or turn it into petrochemicals.

could be real snags. One is that some conceivable mergers would hit problems with competition authorities. Another is that several parts of an integrated company's business might suit quite different partners.

BAT Industries

The \$750,000 judgment against BAT Industries in the Grady Carter case will knock a significantly larger sum off its stock market value today, and rightly so.

The financial services business could comfortably attract a \$9bn valuation, excluding debt. At Friday's closing price, the tobacco business would then be trading at a 50 per cent discount to the stock market's average price-earnings ratio.

Inspec

When is a rights issue not a rights issue? The answer is, when it is an Inspec rights issue, and it miraculously becomes an option scheme as well.

Europe today

Unstable air masses will bring showers and local thunder over most of northern France and the Benelux. Elsewhere in France, there will be more sunshine with moderate temperatures.

Five-day forecast

Unstable and rather cool conditions with showers and rain will move from north-western Europe into Germany, Poland and the Baltic States.

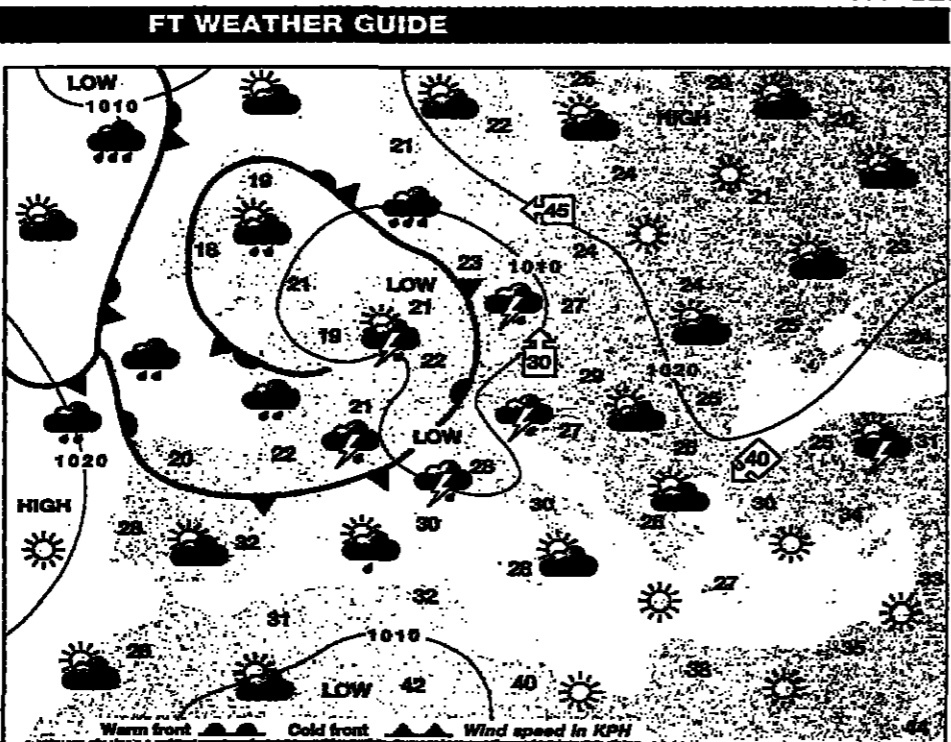


Table with columns for city, weather, and temperature. Includes cities like London, Paris, New York, etc.

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Introductory offer form with fields for name, address, and phone number.

Large vertical advertisement on the right side of the page, partially cut off, mentioning Daiwa Bank and tax deduction.